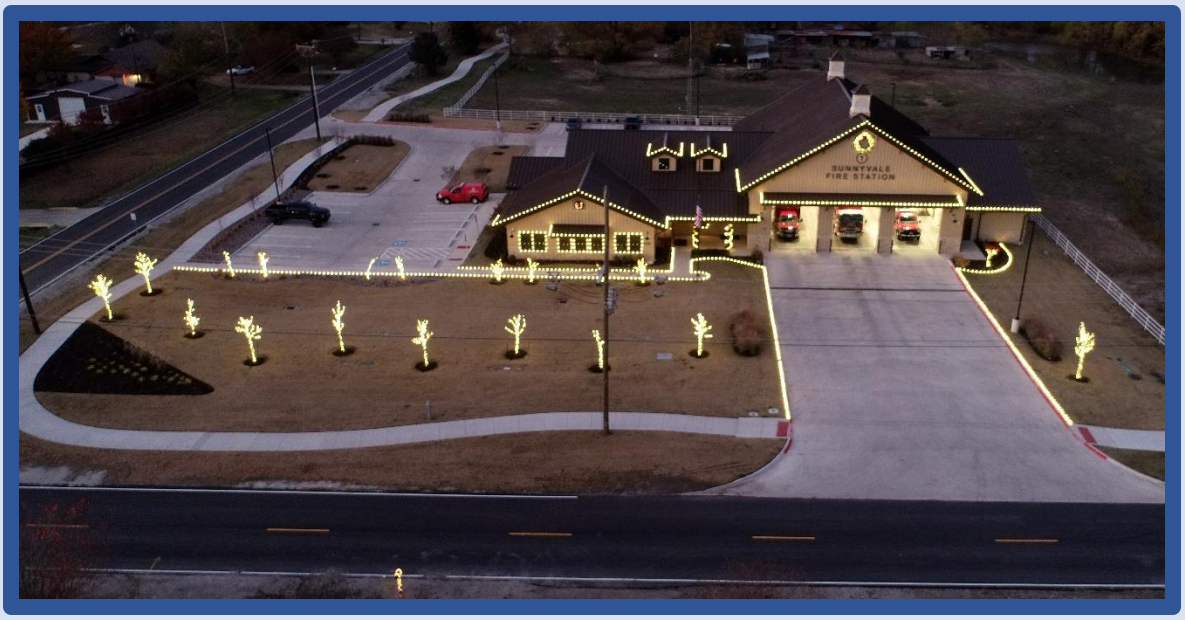


# TOWN OF SUNNYVALE, TEXAS

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## Year Ended September 30, 2023

# TOWN OF SUNNYVALE, TEXAS

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

# FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Prepared By:

Finance Department

Miykael Reeve, CGFO, CGFM
Director of Finance

Rachel Kulhavy, CGFO, CPFIM
Assistant Finance Director

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**TOWN OF SUNNYVALE, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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# INTRODUCTORY SECTION

**FINANCE DEPARTMENT**
**127 NORTH COLLINS**
**SUNNYVALE, TX 751182**
**972-203-4155**

MARCH 25, 2024

**To the Honorable Mayor, Members of the Town Council, and Citizens**
**Town of Sunnyvale, Texas**

Submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the Town of Sunnyvale (the "Town") for the fiscal year ended September 30, 2023. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. To enable the reader to gain an understanding of the Town's financial activities, all necessary disclosures have been included.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Governmental Accounting Standards Board (GASB). The ACFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Town's organizational chart, and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditor's report on the basic financial statements. The Statistical section includes selected financial and demographic information which is presented on a multi-year basis.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditor's report. This transmittal is designed to complement the MD&A and should be read in conjunction with it.

## THE REPORTING ENTITY

The Town was incorporated in 1953 under the general laws of the State of Texas. The Town operates under a council-manager form of government. Policy-making and legislative authority are vested in a governing council of the mayor and six (6) Councilmembers. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, and for overseeing the day-to-day operations of the Town.

The Town provides a full range of municipal services authorized by statute or charter. These services include police and fire protection, water and wastewater services, the construction and maintenance of streets, infrastructure and other related facilities, code enforcement, building inspections, parks and recreation, library, public improvements, planning and zoning, economic development, and general administrative services.

The ACFR includes all the funds of the Town. This report includes all government activities, organizations, and functions for which the Town is financially accountable. The criteria used in determining activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth by the GASB. Based upon these criteria, the Economic Development Corporation (EDC) is a discreetly presented component unit.

## THE TOWN

The Town of Sunnyvale (the "Town" or "Sunnyvale") is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the Town's Home Rule Charter. The Town first adopted its Home Rule Charter in May 2013 and is required to appoint a citizens committee to review and recommend any changes to the charter every five years. The Town operates under a Council/Manager form of government with a Town Council comprised of the mayor and six Councilmembers. The mayor is elected for a two-year term and Town Councilmembers are elected for staggered three-year terms. The Town Manager is the chief administrative officer for the Town. The 2020 Census population for Sunnyvale was 8,062, and North Central Texas Council of Governments estimate for January 1, 2023, Sunnyvale's population was 9,092. The Town covers approximately 16.54 square miles.

The Town of Sunnyvale is a small, upscale community located about 15 miles east of downtown Dallas and is served by a major interstate highway I-80 bisecting the Town, and I-30 located five miles north. Sunnyvale is also bisected by Collins Road and Beltline Road giving easy access in all directions. Sunnyvale is uniquely situated to provide easy accessibility to the entire North Texas area with the expansion of the President George Bush Tollway east branch SH 190. This project is due to begin construction in 2026 and will pass along the east side of the Town proving easy access and close proximity to job opportunities in Dallas and the surrounding cities.

## EDUCATION

**The Sunnyvale Independent School District** (the "District") consists of 1 high school serving grades 9 through 12; 1 middle school serving grades 6-8; 1 Intermediate school serving grades 3-5 and 1 elementary school serving Pre-K through 2. The District employs 264 people and currently has an enrollment of 2,294 children. The Four District campuses are recognized for their achievements on the state standardized test and are rated Exemplary by the Texas Education Agency

The Town is readily accessible to higher education facilities with many junior colleges, colleges and universities within commuting distance. The Texas Higher Education Coordinating Board has many college resources available at CollegeforallTexans.com and is a great resource for planning, financial aid, and applying to state universities.

## HOUSING

The Town offers a diversity of new housing, ranging in price from $350,000 to over $2,500,000.

## FINANCIAL INSTITUTIONS

One Banks presently serve the Town. Trinty Capital Bank a division of Ennis State Bank has branches located in Ennis, Sunnyvale, Forney and serves as the Town depository.

## COMMUNITY SERVICES

Complete medical and dental treatment is available within the Town. Baylor Medical Center and Texas Family health, Ideal Dental, Align Integrated Health and Sunnyvale Family Medicine are all located in Sunnyvale.

The Town operates six municipal parks with numerous walking trails. Lake Ray Hubbard is 11 minutes' drive from the Town and is a multi-purpose water resource project covering approximately 22,000 acres. The recreational lake is great for fishing, skiing, relaxing and recreational boating. There are numerous parks located around the lake with plenty of beaches, hiking and biking trails and other outdoor activities. The Town aims to improve the quality of life for community residents and visitors by providing exceptional parks and recreational opportunities. These continued efforts result in the creation of safe, attractive, and innovative places for public recreational opportunities with jogging, walking, or biking across the open-air roads that is a rare treat in most urban environments. These luxuries are the pride of Sunnyvale's rural charm along with rolling pasture lands and sweeping meadows, to bring the feeling of leisure living.

The Metroplex offers a wide array of entertainment, cultural and sports activities, including the Dallas Zoo, Six Flags Over Texas, Dallas Symphony Orchestra, Dallas Theater Center, and many museums. Professional football, baseball, basketball, and soccer, as well as several college teams, are available to area residents.

**INDUSTRY**

Sunnyvale enjoys a solid industrial base with manufacturing centers as well as commercial and retail development that provide jobs and tax base for the Town. Associated Truss & lumber Co, Daniel Steel Industries, Mcelroy metal Inc. Performance pulsation control, Lineage Logistic, Adell of Texas and Dal Tile are a few of the industries that provide the workforce for the Town.

**FINANCIAL PLANNING AND FISCAL POLICIES**

The Town continues to update the master plans to guide the Town's long-term growth and financial planning. Significant master planning activity includes:

| | |
|---|---|
| Comprehensive Plan Update | July 2017 – Currently under update |
| Water Master Plan | August 2015 – currently under update |
| Roadway Impact Fee Study | August 2020 – currently under update |
| Water/Wastewater Impact Fee Study | August 2020 – update schedule 2025 |
| Water/Wastewater CIP Plan Development | January 2020 – update schedule 2025 |
| Water and Sewer Master CIP Plan | under development |
| Parks Master Plan | April 2020 |
| Capital Improvement Plan | June 2021 (updated annually during the budget) |

Utilizing these plans, the Town annually updates a five-year capital improvement plan. The Town also maintains a staffing plan as part of the budget plan. These plans are used to determine budget allocations to the various departments and activities of the Town.

The Town's fund balance policy requires a minimum fund balance for numerous funds. The fund balance reserve plan is guiding the Town to meeting the fund balance reserve plans for each of the funds.

**ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

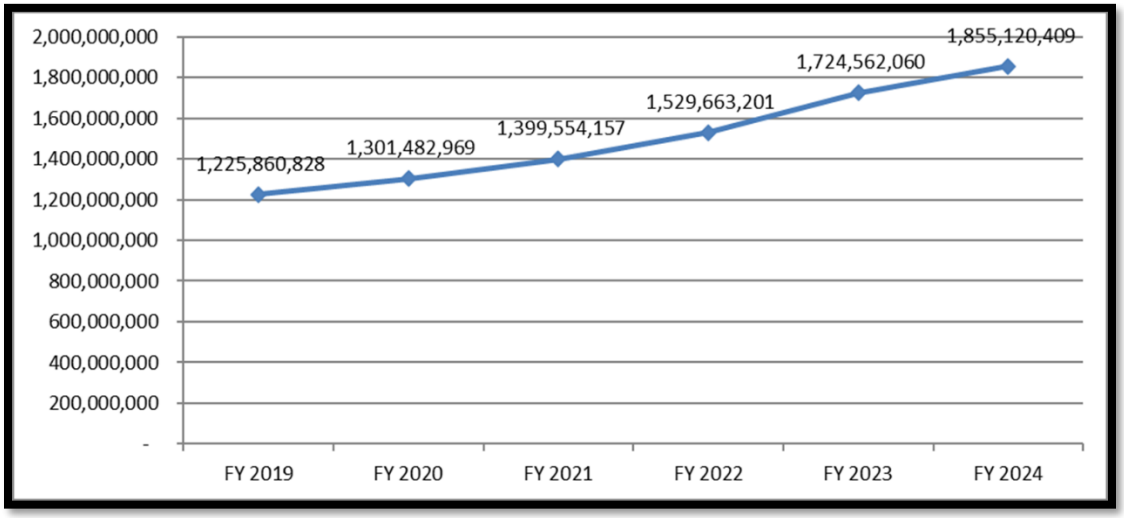
Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

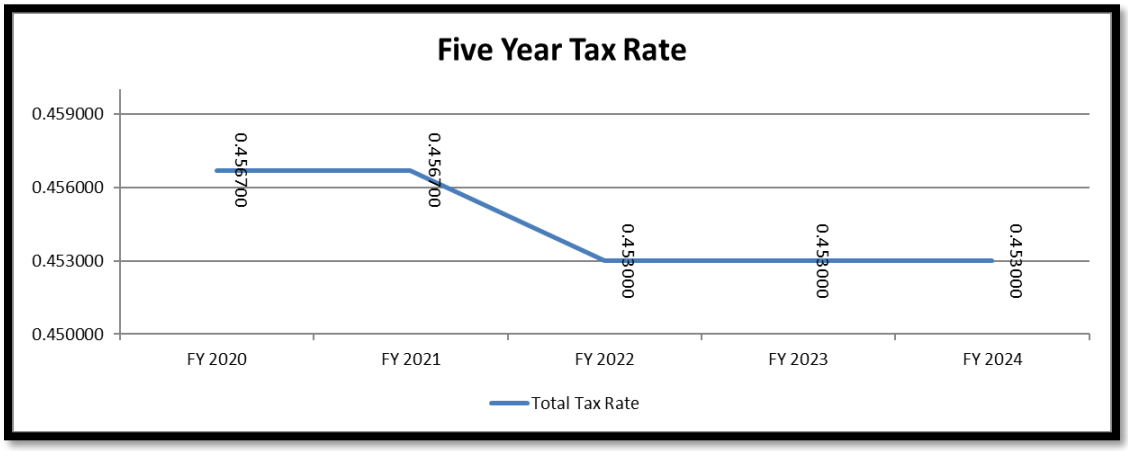
The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the Town Council. Activities of the general fund, special revenue funds and debt service funds are included in the annual budget. The budget is developed and controlled at the department level although appropriations are set at the fund level. Outstanding encumbrance's lapse at fiscal year-end, and the subsequent year's budget must absorb the expenditures when incurred. Separate multi-year budgets are developed for the capital projects and major funds.

**LONG-TERM FINANCIAL PLANNING**

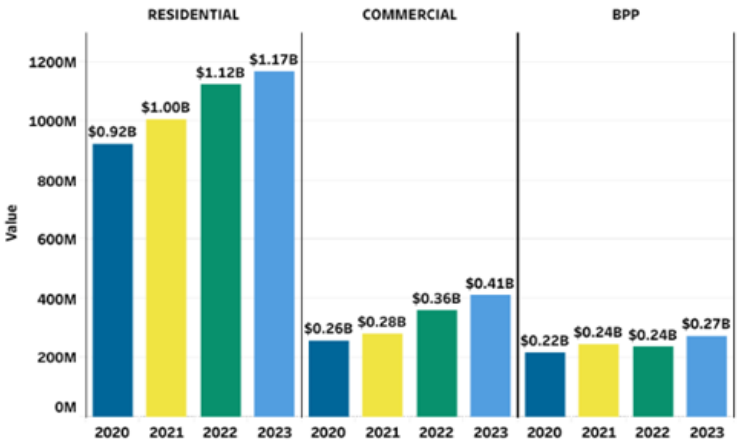
Tax Rates

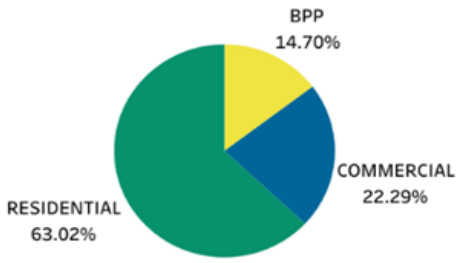


## Total Taxable Value | 2023

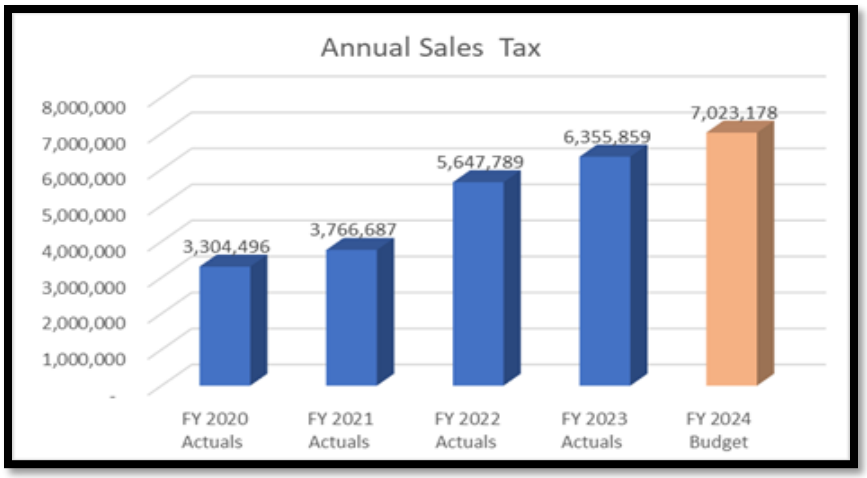
| Property Category | Tax Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2021 | | 2020 | |
| | Value | % of Total Val.. | Value | % of Total Val.. | Value | % of Total Val.. | Value | % of Total Val.. |
| COMMERCIAL | $413,461,393 | 22.29% | $361,135,215 | 20.94% | $281,778,270 | 18.42% | $258,254,433 | 18.45% |
| RESIDENTIAL | $1,169,010,487 | 63.02% | $1,124,200,322 | 65.19% | $1,004,296,028 | 65.65% | $922,998,711 | 65.95% |
| BPP | $272,648,529 | 14.70% | $239,226,523 | 13.87% | $243,588,903 | 15.92% | $218,301,013 | 15.60% |
| **Total Certified Valuation** | **$1,855,120,409** | **100.00%** | **$1,724,562,060** | **100.00%** | **$1,529,663,201** | **100.00%** | **$1,399,554,157** | **100.00%** |




Total Taxable Value

All eligible property within the Town of Sunnyvale is subject to assessment, levy, and collection by the town. In the Fiscal Year 2023 the Council adopted a 20% homestead exemption on all property in the Town a still maintained the same tax rate for the past 3 years. The growth in the taxable appraised value allowed the Town to give back to the community. The Town's total Taxable Value has increased from 2020 to $1.3 billion to $1.85 billion which is a 42% increase. The Town has maintained the same tax rate of 0.4530 for last 3 years and is the second lowest in Dallas County. The plan is to continue to maintain the 0.45300 tax rate.




SALES TAX

Sales tax has doubled from $3.3 million to $7 million from 2020 to 2024. The Town expects to continue to see growth in sales tax in the future.

WATER RATES

The Town implemented a 4% rate increase effective January 1, 2024. Effective in March the Town also implemented a new Sewer average with a 20,000-gallon cap. This will lower residents' monthly sewer bill, on average, $20.

**Residential**

*Minimum Monthly Fee*

| | *old* | *new* |
|---|---|---|
| 3/4" and Less | $ 35.45 | $ 36.87 |
| 1" | 46.03 | 47.87 |
| 1 1/2" | 67.26 | 69.95 |
| 2" | 112.05 | 116.53 |

*Volumetric Rate (per kgal)*

| | | |
|---|---|---|
| 0 - 2 kgal | $ - | $ - |
| 2 - 20 kgal | 2.98 | 3.10 |
| 20 - 30 kgal | 3.29 | 3.42 |
| 30 - 40 kgal | 5.93 | 6.17 |
| 40 - 50 kgal | 7.12 | 7.40 |
| 50 - 60 kgal | 7.42 | 7.72 |
| 60+ kgal | 8.90 | 9.26 |

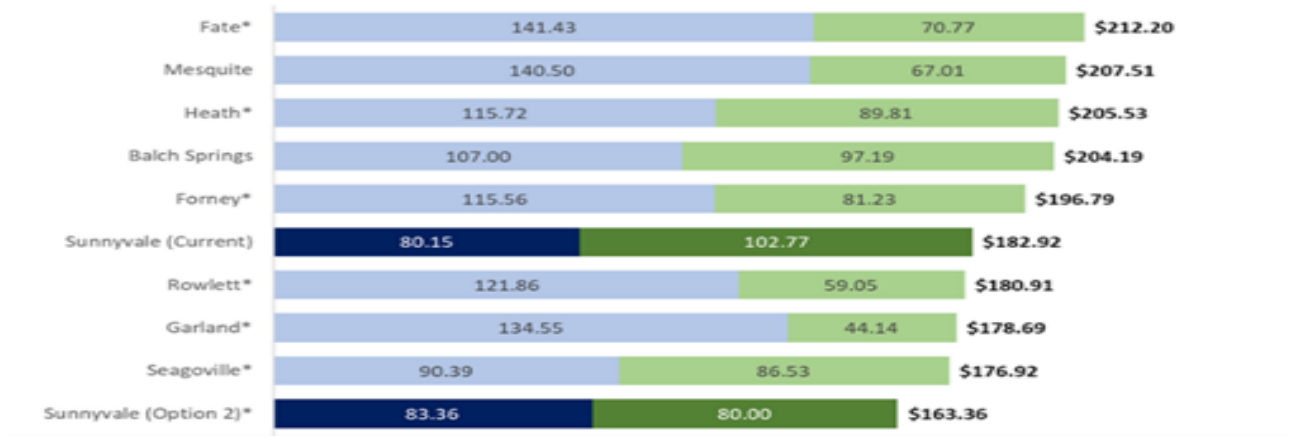
**Residential Sewer ***

*Minimum Monthly Fee*

| | | |
|---|---|---|
| All connections | $ 36.11 | $ 40.00 |

*Volumetric Rate (per kgal)*

| | | |
|---|---|---|
| 0 - 2 kgal | $ - | $ - |
| 2 - 5 kgal | 3.18 | 8.00 |
| 5 - 20 kgal | 4.76 | 8.00 |
| 20+ kgal | - | - |




The Town issued a 2023 Tax Note for 3,100,000 to fund the DMAIC street project phase 2 B. Phase 2B included replacing North Collins, Polly, East Fork, Town East Blvd. and Jobson Road. The road project included replacing the base and replacing it with the current type of material.

**OTHER INFORMATION**

## Independent Audit:

The Town Charter requires an annual audit of the books of account financial records and transactions of all departments of the Town. The Town charter specifies that such an audit be conducted by independent auditors selected by the Town Council. Pattillo, Brown & Hill, LLP. was selected by the Town Council to conduct this year's audit. The independent auditor's report on the basic financial statements is included in the financial section of this report.

**Certificate of Achievement:**

This is the seventh year the Town has submitted their annual comprehensive financial report ("ACFR") to be reviewed for the Certificate of Achievement. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such ACFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Town has received the Certificate of Achievement for the Fiscal Year 2017, 2018 2019, 2020, 2021, 2022. We believe the current report conforms to the Certificate of Achievement program requirements and are submitting the 2023 ACFR to GFOA.

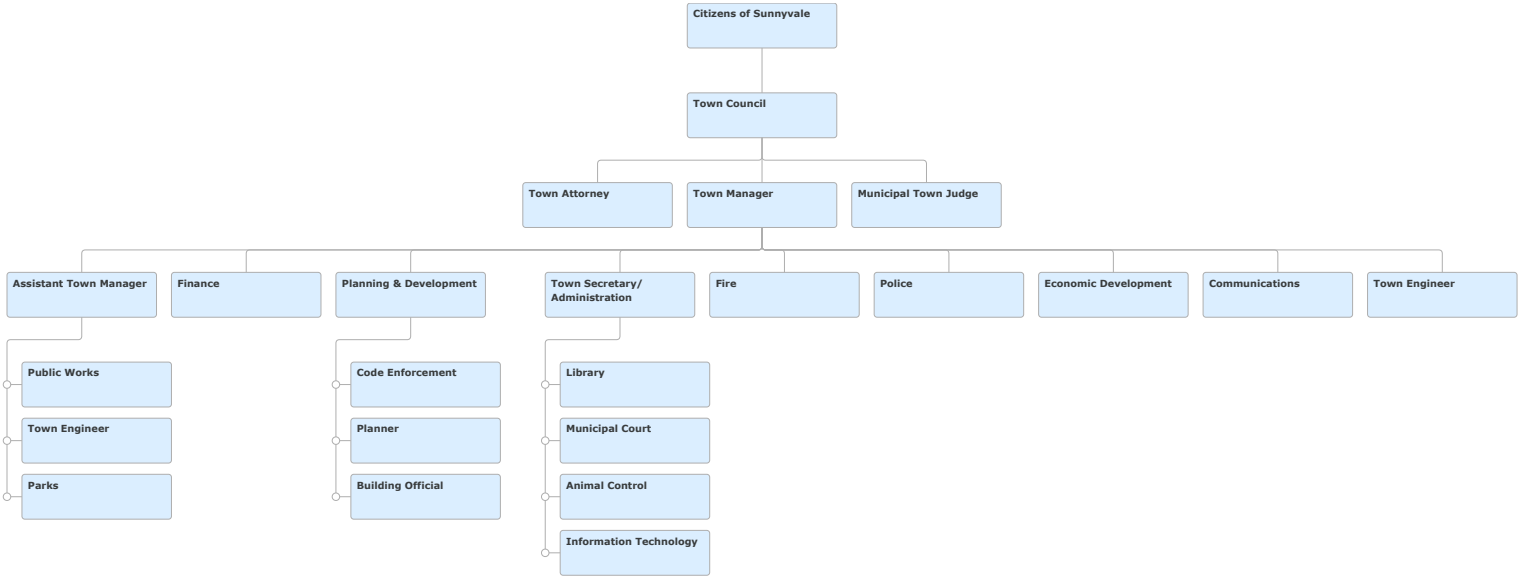
**ACKNOWLEDGEMENTS**

The finance department continues to try to reach new standards for financial reporting within the Town. The preparation of this report could not have been accomplished without the dedication and helpfulness of the staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation.

We would also like to thank the members of the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible manner.

Respectfully Submitted,

Miykael Reeve, CGFO, CGFM
Director of Finance
Town of Sunnyvale


Citizens of Sunnyvale
Town Council
Town Attorney
Town Manager
Municipal Town Judge
Assistant Town Manager
Finance
Planning & Development
Town Secretary/ Administration
Fire
Police
Economic Development
Communications
Town Engineer
Public Works
Town Engineer
Parks
Code Enforcement
Planner
Building Official
Library
Municipal Court
Animal Control
Information Technology

**TOWN OF SUNNYVALE, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Town Council:

| | |
|---|---|
| Saji George | Mayor |
| Ryan Finch | Council Member Place 1 |
| Kevin Clark | Council Member Place 2 |
| Manu Danny | Council Member Place 3 |
| Mark Eldridge | Council Member Place 4 |
| Larry Allen | Council Member Place 5 |
| Jonathan Freeman | Council Member Place 6 |

Administrative Officers:

| | |
|---|---|
| Jeff Jones | Town Manager |
| Mark Rauscher | Assistant Town Manager |
| Rachel Ramsey | Town Secretary |
| Miykael Reeve | Director of Finance |

City Mailing Address: Town of Sunnyvale
127 N. Collins Rd
Sunnyvale, TX 75182

City Telephone: (972) 226-7177
City Fax: (972) 226-1804

* City Officials as of September 30, 2023

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Sunnyvale**
**Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

# FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

# INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of Town Council
Town of Sunnyvale, Texas

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA
GAQC Member

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of state awards, as required by *Texas Grant Management Standards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2024

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town of Sunnyvale, Texas (the "Town"), we offer the readers of the Town or Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

## Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $85,315,902 (net position). Of this amount, $53,045,897, or 62%, is net investment in capital assets. Net position restricted for specific purposes is $5,550,091, or 6.51%. The remaining unrestricted position of $26,719,914 may be used to meet the Town's ongoing obligations to its citizens and creditors in accordance with the Town's fiscal policies.

- The Town's total net position increased by $6,802,925 primarily due to increased property and sales tax revenues.

- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $25,743,800, an increase of $2,121,265 in comparison with the prior year. Approximately 36% of this total amount, or $9,387,048, is available for spending at the Town's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General fund of $9,387,048 was 82.91% of total general fund expenditures for the fiscal year.

- The Town's total long-term obligations increased by $1,474,099, or 5.3%, during the current fiscal year. The Town continued to make scheduled principal payments but also issued two new tax notes in the amount of $4,680,000.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Town using governmentwide financial statements and fund financial statements in addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Sunnyvale.

## Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The statement of net position presents information on all of the Town of Sunnyvale's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the utility services offered by the Town of Sunnyvale. The final category is the component unit. The Town has one component unit. In the November 5, 2020, election voters approved the termination of the 4A Development Corporation and its associated sales tax; and the adoption of a local sales and use tax in the Town of Sunnyvale at a rate of one and one-half (1.5) percent. This would result in no net change in the total sales tax rate. An escrow account was set up for obligations that are still outstanding that include $239,084 in debt service contributions. The government wide financial statements are on pages 12-15 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Sunnyvale, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance.

All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what funds are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Towns' programs.

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures. and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Sunnyvale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. Budgetary information required by the General Statutes can also be found in this part of the statements. The Governmental Fund financial statements can be found on pages 16-21 of this report.

Proprietary Funds - The Town of Sunnyvale has one type of proprietary fund which is the Utility Fund. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-52 of this report.

**Required Supplementary Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Sunnyvale's budgets and progress in funding its obligation to provide pension and other post-employment benefits to its employees. This information is found on pages 53-62.

**Supplementary Information** - The combining statements referred to earlier in connection with the non-major governmental funds are presented following the required supplementary information on pensions and OPEB. Combining statements and individual fund statements can be found on pages 63-71. Fund financial statements for the component units can be found on pages 72-74.

**Statistical Section** - The statistical section consists of unaudited information that presents details as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. These tables can be found on pages 75-105.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the Town equaled $85,315,902 as of September 30, 2023. The Town's net position increased by $4,489,900 for fiscal year ended September 30. 2023. The following table presents a comparative summary of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2023 and 2022.

**Town of Sunnyvale's Net Position**
**Government-Wide**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | $ 33,992,756 | $ 26,771,358 | $ 13,296,269 | $ 14,590,537 | $ 47,289,025 | $ 41,361,895 |
| Capital assets | 44,357,142 | 35,628,020 | 32,286,195 | 33,832,765 | 76,643,337 | 69,460,785 |
| Total assets | 78,349,898 | 62,399,378 | 45,582,464 | 48,423,302 | 123,932,362 | 110,822,680 |
| Deferred outflows of resources | 929,776 | 357,039 | 186,000 | 74,061 | 1,115,776 | 431,100 |
| Current and other liabilities | 7,961,847 | 3,248,150 | 652,198 | 1,305,279 | 8,614,045 | 4,553,429 |
| Long-term liabilities | 24,901,925 | 20,980,450 | 5,960,109 | 5,772,116 | 30,862,034 | 26,752,566 |
| Total liabilities | 32,863,772 | 24,228,600 | 6,612,307 | 7,077,395 | 39,476,079 | 31,305,995 |
| Deferred inflows of resources | 213,456 | 403,533 | 42,701 | 83,681 | 256,157 | 487,214 |
| Net position: | | | | | | |
| Net investment in capital assets | 26,469,224 | 17,352,038 | 26,576,673 | 28,658,820 | 53,045,897 | 46,010,858 |
| Restricted | 2,638,754 | 2,567,629 | 2,911,337 | 2,612,877 | 5,550,091 | 5,180,506 |
| Unrestricted | 17,094,468 | 18,204,617 | 9,625,446 | 10,064,590 | 26,719,914 | 28,269,207 |
| Total net position | $ 46,202,446 | $ 38,124,284 | $ 39,113,456 | $ 41,336,287 | $ 85,315,902 | $ 79,460,571 |

*Net investment in capital assets:*
62% of the Town's net position, or $53,045,897, reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment) less any debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

*Restricted net position:*
Restricted net position of $5,550,091 is subject to external restrictions on how they may be used, or by enabling legislation. The restricted net position is comprised of $72,559 for development, $177,349 for court use, $227,708 for debt service, $2,161,138 for road improvements, and $2,911,337 for water infrastructure installation.

*Unrestricted net position:*
Unrestricted net position of $26,719,914 is available to fund the Town programs to citizens and obligations to creditors.

***Changes in Net Position*** - The following table presents a comparative summary of the Town's operations for the years ended September 30, 2023 and 2022.

**Town of Sunnyvales Changes in Net Position**
**Government-Wide**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 2,141,941 | $ 1,831,040 | $ 9,652,308 | $ 9,600,592 | $ 11,794,249 | $ 11,431,632 |
| Operating grants & contributions | 526,018 | 1,689,575 | - | - | 526,018 | 1,689,575 |
| Capital grants & contributions | 460,000 | - | 68,440 | 7,246,387 | 528,440 | 7,246,387 |
| General revenues: | | | | | | |
| Property taxes | 7,491,575 | 6,635,038 | - | - | 7,491,575 | 6,635,038 |
| Other local taxes | 6,047,164 | 5,092,792 | - | - | 6,047,164 | 5,092,792 |
| Investment earnings | 950,727 | 185,302 | - | 35,239 | 950,727 | 220,541 |
| Miscellaneous | 93,149 | 204,191 | 265,919 | - | 359,068 | 204,191 |
| Total revenues | 17,710,574 | 15,637,938 | 9,986,667 | 16,882,218 | 27,697,241 | 32,520,156 |
| Expenses: | | | | | | |
| General government | 4,241,534 | 1,588,582 | - | - | 4,241,534 | 1,588,582 |
| Public safety | 8,110,993 | 4,208,619 | - | - | 8,110,993 | 4,208,619 |
| Public Works | 373,549 | 1,785,248 | - | - | 373,549 | 1,785,248 |
| Public Services and Operations | 1,494,637 | 2,999,698 | - | - | 1,494,637 | 2,999,698 |
| Interest on long-term debt | 628,273 | 767,906 | - | - | 628,273 | 767,906 |
| Utility Fund | - | - | 8,358,355 | 6,620,543 | 8,358,355 | 6,620,543 |
| Total expenses | 14,848,986 | 11,350,053 | 8,358,355 | 6,620,543 | 23,207,341 | 17,970,596 |
| Revenues in Excess of Expenses | 2,861,588 | 4,287,885 | 1,628,312 | 10,261,675 | 4,489,900 | 14,549,560 |
| Transfers | 3,941,337 | 641,401 | (3,941,337) | (641,401) | - | - |
| Change in net position | 6,802,925 | 4,929,286 | (2,313,025) | 9,620,274 | 4,489,900 | 14,549,560 |
| Net position - beginning of year | 38,124,284 | 33,194,998 | 41,336,287 | 31,716,013 | 79,460,571 | 64,911,011 |
| Prior period adjustments | 1,275,237 | - | 90,194 | - | 1,365,431 | - |
| Net position - end of year | $ 46,202,446 | $ 38,124,284 | $ 39,113,456 | $ 41,336,287 | $ 85,315,902 | $ 79,460,571 |

**Governmental activities** - Governmental-type activities increased the Town's net position by $6,802,925. A key element of this increase is as follows: Revenue growth, budgetary performance and lower expenses than expected. Revenues increased due to higher taxable property values, higher sales tax receipts and permit revenue from strong commercial and residential construction. Expenses were higher than budgeted primarily due to increases to pension expenses related to market fluctuations.

**Business-type Activities** - Business-type activities decreased the Town's net position by $2,313,025, which is a decrease of approximately 5.38% from the prior year. The primary cause of the decrease was increased pension expenses and continued depreciation on infrastructure assets. The increased pension expense, as discussed previously, resulted from market fluctuations impacting the actuarial value of pension assets and liabilities.

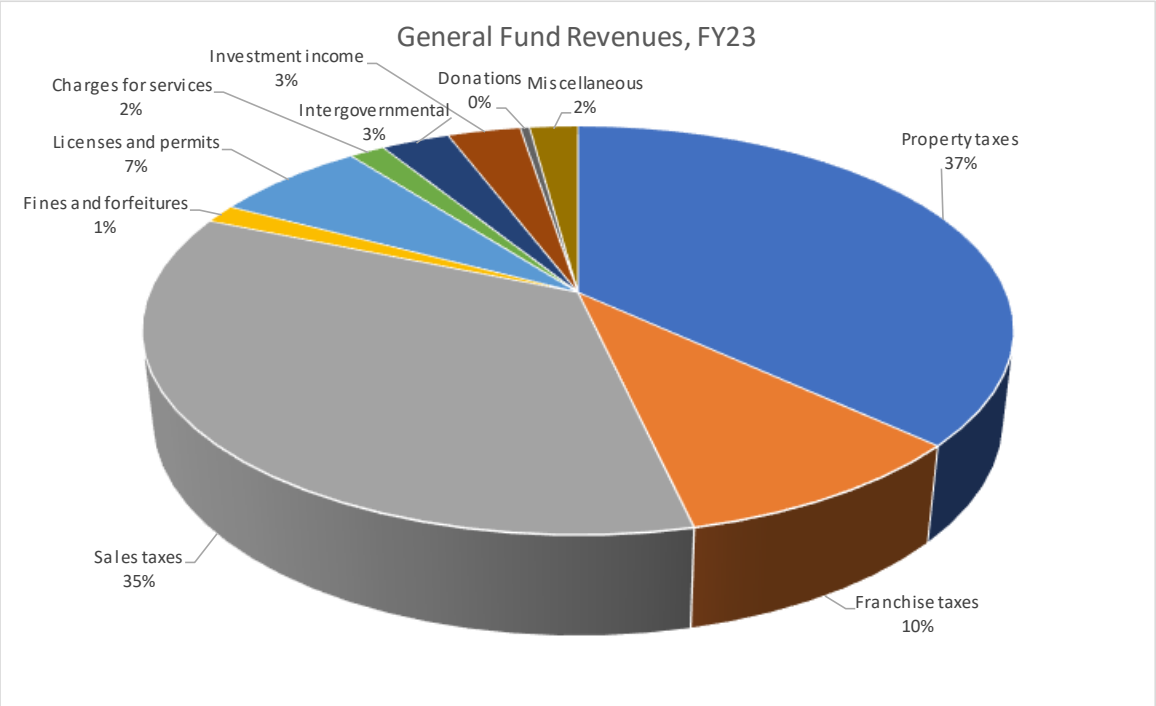
## Financial Analysis of the Town's Funds

As noted earlier, the Town of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

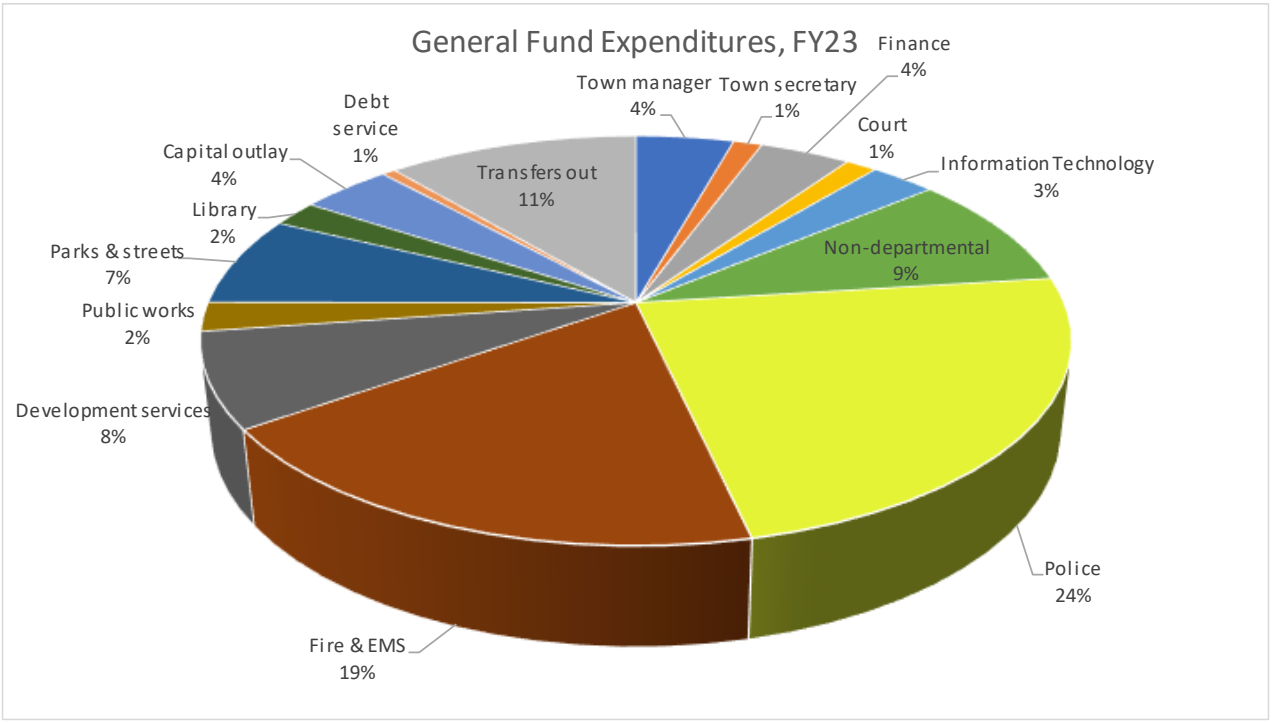
**Governmental Funds** - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Specifically, the unassigned fund balance may serve as a measure of net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $25,743,800, an increase of$2,121,265, or 9%, in comparison with the prior year. Of this amount, $9,387,048, or 36%, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town has assigned fund balances of $7,933,519, or 31% for the following: $25,000 for capital and infrastructure improvements, $1,791,403 for vehicle replacements, $1,464,511 for community services, and $4,652,605 for capital improvements. A portion, $8,421,233, or 33%, of the fund balance is restricted to indicate that it is externally restricted for spending on specific purposes. Restricted fund balance consists of $72,559 for community services, $177,349 for state imposed restrictions for use of court fees, $309,584 for debt service requirements, $7,861,741 for road maintenance and improvements. The remaining fund balance of $2,000, or 0.01% is considered non-spendable and represents prepaid assets.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was $9,387,048. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 82.91% of the total general fund expenditures. The General Fund's fund balance increased primarily due to property tax revenues, which have continued increasing as new development within the Town leads to increased assessed value. The population increases within the Town also increases economic activity, which led to increases of approximately $1 million of sales tax revenues, another key cause of the increased fund balance.




General Fund expenditures are primarily for public safety, with police, fire, and EMS departments being the greatest cost centers. Public Works has also been a focus, Other major governmental funds of the Town are Debt Service, Capital Projects, and Special City Revenue funds.



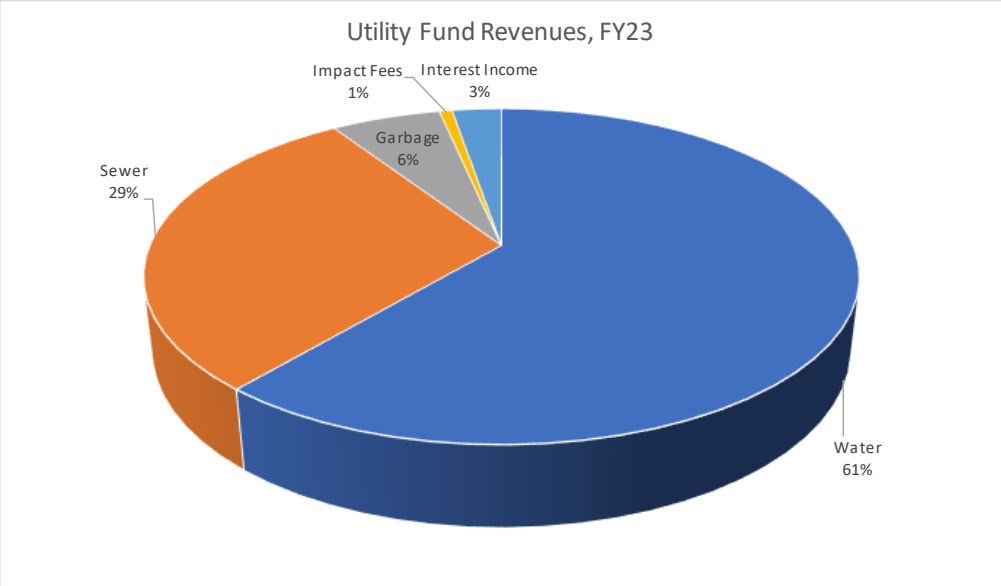
The Debt Service Fund reported a decrease of fund balance of $402,356 or 65.37% for the year. This decrease was budgeted for, as fund balances were in excess of the amount needed to keep on hand for debt service requirements. Debt service expenditures are expected to remain relatively stable for several years as the City maintains a cycle of issuing tax notes for capital projects until a larger bond package is issued in the future.

Capital projects fund balance increased $908,368 or 9.62%. The Fund reported significant capital expenditures ($9.5 million) for multiple projects, including Collins Road and Tripp Road improvements, which were largely funded by transfers from other funds as well as the issuance of two new tax notes. Fund balances are expected to decrease as funds are spent on eligible project costs.

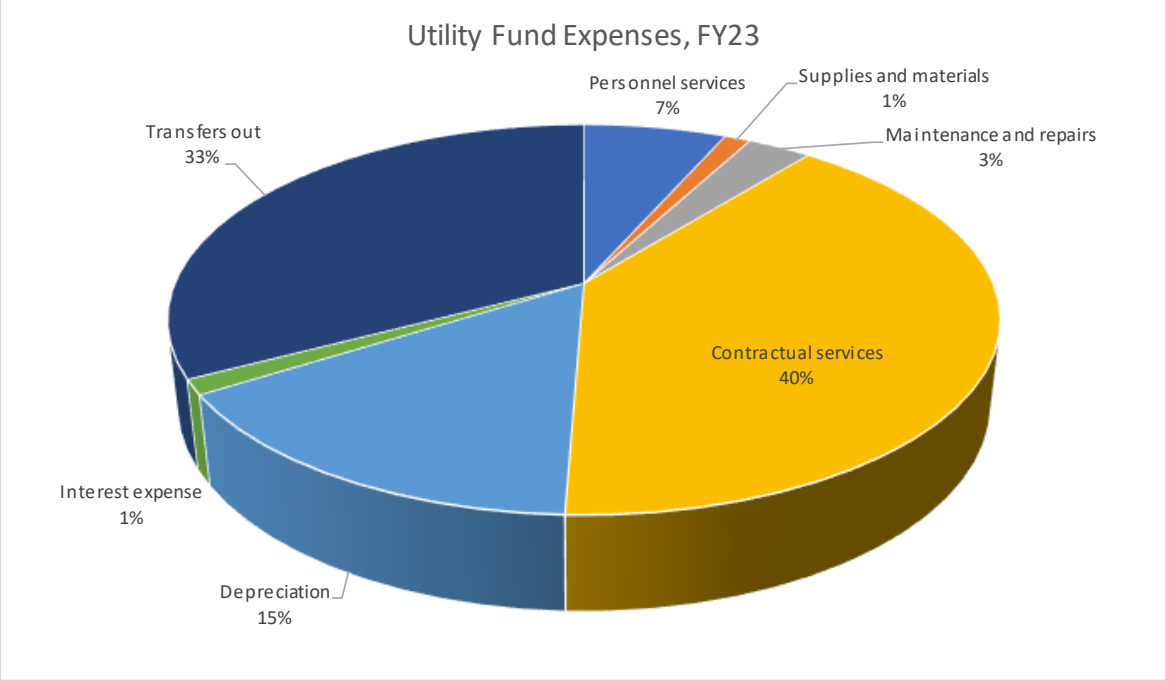
The Special Revenue Fund increased fund balance by $28,708 or 19.31%. This resulted primarily from continued accumulation of court security and technology fee revenues, which are charged with municipal court fines and generally accumulated over time for improvement projects. A significant portion of the Fund's activities are reimbursement-based grants, which do not carry fund balances.

**General Fund Budgetary Highlights:** During the fiscal year, the Town made revisions to the budget. Generally, budget amendments fall into one of three categories: (l) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services. The most significant budgetary revisions were for increased sales taxes of approximately $1 million, which was exceeding forecasts during the year. Significant expenditure revisions were primarily related to public works projects. Revenues were less than the budgeted amounts, primarily due to sales taxes increasing less than the amended budget projection. Expenditures were less than budgeted at the fund level.

**Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $9,625,446. Net position decreased for the fiscal year by $2,313,025, primarily due to transfers to the Capital Projects Fund to cover capital costs discussed previously.



Revenues and expenses were largely consistent with the prior year, with the greatest change being an increase in pension expenses discussed previously.




## Capital Asset and Debt Administration

**Capital Assets** - The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2023, totals $76,643,337 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, vehicles, and construction in progress. This amount represents a net increase of $7,182,552, or 10%, (net of accumulated depreciation) over the prior fiscal year. Significant transactions involving capital assets primarily consisted of road projects, with approximately $13.1 million expended on project costs. The projects for a new fire station and other road improvements, valued at $8.3 million and $10.4 million, respectively, were completed and transferred to finished assets.

**Capital Assets September 30, 2023 (net of depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | $ 2,610,223 | $ 2,610,223 | $ 126,225 | $ 127,225 | $ 2,736,448 | $ 2,737,448 |
| Infrastructure | 21,586,004 | 9,573,713 | 26,298,416 | 27,305,983 | 47,884,420 | 36,879,696 |
| Buildings & Improvements | 12,113,960 | 5,134,867 | 4,675,879 | 5,143,595 | 16,789,839 | 10,278,462 |
| Machinery & Equipment | 1,667,908 | 1,124,118 | 940,625 | 1,046,242 | 2,608,533 | 2,170,360 |
| Construction in Progress | 6,379,047 | 17,185,099 | 245,050 | 209,720 | 6,624,097 | 17,394,819 |
| | $ 44,357,142 | $ 35,628,020 | $ 32,286,195 | $ 33,832,765 | $ 76,643,337 | $ 69,460,785 |

More detailed information about the Town's capital assets is presented in the notes to the financial statements on pages 38-39.

**Long-term obligations** - As of September 30. 2023, the Town of Sunnyvale had total long-term debt outstanding of $29,504,272 which is an increase of $1,474,099, or 5.3%, from the previous year. During fiscal year 2023, the City issued two tax notes, the Series 2022 and Series 2023, at a total combined face value of $4,680,000. The notes were issued to fund portions of the capital road improvement projects discussed in the previous section.

## Outstanding Debt as of September 30, 2023

`

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Bonds payable | $ 21,535,000 | $ 19,055,000 | $ 5,060,000 | $ 5,465,000 | $ 26,595,000 | $ 24,520,000 |
| Premium on bonds | 1,773,301 | 1,944,051 | 589,527 | 632,532 | 2,362,828 | 2,576,583 |
| Notes payable | - | - | 59,995 | 71,999 | 59,995 | 71,999 |
| Financed purchases | 280,220 | 345,415 | - | - | 280,220 | 345,415 |
| Compensated absences | 181,981 | 471,253 | 24,248 | 44,923 | 206,229 | 516,176 |
| | $ 23,770,502 | $ 21,815,719 | $ 5,733,770 | $ 6,214,454 | $ 29,504,272 | $ 28,030,173 |

More detailed information about the Town's long-term obligations is presented on pages 40-42 in the notes to the financial statements.

**Requests for Information** – This financial report is designed to provide an overview of the Town's finances for those with an interest in the government's finances. If you have any questions about this report or need additional information, contact the Town of Sunnyvale, Attention: Director of Finance at 127 N. Collins Road, Sunnyvale, Texas, call 972-203-4145, or email Finance@townofsunnyvale.org.

# BASIC
# FINANCIAL STATEMENTS

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

| | Primary Government | |
|---|---|---|
| | Governmental Activities | Business-Type Activities |
| **ASSETS** | | |
| Cash and cash equivalents | $ 23,857,357 | $ 9,288,541 |
| Receivables, net of allowances | 1,437,342 | 1,644,166 |
| Internal balances | 547,775 | (547,775) |
| Due from component unit | 8,395 | - |
| Notes receivable | 175,000 | - |
| Prepaid items | 2,000 | - |
| Due from other governments | 3,502,586 | - |
| Restricted cash and cash equivalents | 4,462,301 | 2,911,337 |
| Capital assets (net of accumulated depreciation): | | |
| Non-depreciable | 8,989,270 | 371,275 |
| Depreciable | 35,367,872 | 31,914,920 |
| Total assets | 78,349,898 | 45,582,464 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension related | 899,334 | 179,911 |
| OPEB related - SDBF | 27,526 | 5,506 |
| OPEB related - retiree health | 2,916 | 583 |
| Total deferred outflows of resources | 929,776 | 186,000 |
| **LIABILITIES** | | |
| Accounts payable | 5,342,607 | 222,899 |
| Accrued liabilities | 178,857 | - |
| Accrued interest payable | 99,691 | 24,625 |
| Unearned revenue | 1,497,894 | - |
| Due to other governments | 842,798 | - |
| Due to primary government | - | - |
| Customer deposits | - | 404,674 |
| Unearned revenue | - | - |
| Noncurrent liabilities: | | |
| Due within one year - long-term debt | 1,947,578 | 448,066 |
| Due in more than one year: | | |
| Long-term debt | 21,822,924 | 5,285,704 |
| Net pension liability | 917,772 | 183,598 |
| Total OPEB liability - SDBF | 98,000 | 19,605 |
| Total OPEB liability - RHP | 115,651 | 23,136 |
| Total liabilities | 32,863,772 | 6,612,307 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension related | 136,065 | 27,219 |
| OPEB related - SDBF | 53,978 | 10,798 |
| OPEB related - retiree health | 23,413 | 4,684 |
| Total deferred inflows of resources | 213,456 | 42,701 |
| **NET POSITION** | | |
| Net investment in capital assets | 26,469,224 | 26,576,673 |
| Restricted for: | | |
| Development | 72,559 | - |
| Municipal Court | 177,349 | - |
| Debt Service | 227,708 | - |
| Street Maintenance | 2,161,138 | - |
| Water infrastructure installation | - | 2,911,337 |
| Unrestricted | 17,094,468 | 9,625,446 |
| Total net position | $ 46,202,446 | $ 39,113,456 |

The accompanying notes are an integral part of these financial statements.

| Primary Government | Component Unit |
|---|---|
| Total | Component Units |
| $ 33,145,898 | $ 3,940,574 |
| 3,081,508 | 285,532 |
| - | - |
| 8,395 | - |
| 175,000 | - |
| 2,000 | - |
| 3,502,586 | - |
| 7,373,638 | 266,809 |
| 9,360,545 | - |
| 67,282,792 | - |
| 123,932,362 | 4,492,915 |
| 1,079,245 | - |
| 33,032 | - |
| 3,499 | - |
| 1,115,776 | - |
| 5,565,506 | 6,361 |
| 178,857 | - |
| 124,316 | - |
| 1,497,894 | - |
| 842,798 | - |
| - | 8,395 |
| 404,674 | - |
| - | - |
| 2,395,644 | 30,000 |
| 27,108,628 | 145,000 |
| 1,101,370 | - |
| 117,605 | - |
| 138,787 | - |
| 39,476,079 | 189,756 |
| 163,284 | - |
| 64,776 | - |
| 28,097 | - |
| 256,157 | - |
| 53,045,897 | - |
| 72,559 | 4,303,159 |
| 177,349 | - |
| 227,708 | - |
| 2,161,138 | - |
| 2,911,337 | - |
| 26,719,914 | - |
| $ 85,315,902 | $ 4,303,159 |

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | $ 4,241,534 | $ 924,871 | $ 250,464 | $ - |
| Public safety | 8,110,993 | 570,055 | 236,821 | - |
| Public works | 373,549 | 647,015 | - | 460,000 |
| Public services and operations | 1,494,637 | - | 1,133 | - |
| Interest on long-term debt | 628,273 | - | 37,600 | - |
| Total governmental activities | 14,848,986 | 2,141,941 | 526,018 | 460,000 |
| Business-type activities: | | | | |
| Utility Fund | 8,358,355 | 9,652,308 | - | 68,440 |
| Total business-type activities | 8,358,355 | 9,652,308 | - | 68,440 |
| Total Primary Government | $ 23,207,341 | $ 11,794,249 | $ 526,018 | $ 528,440 |
| Component Units | $ 1,262,822 | $ - | $ - | $ - |
| General Revenues: | | | | |
| Property Taxes | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Miscellaneous | | | | |
| Investment income | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning | | | | |
| Prior period adjustment | | | | |
| Net position - ending | | | | |

The accompanying notes are an integral part of these financial statements.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | Component Units |
| Governmental Activities | Business-Type Activities | Total | |
| $ (3,066,199) | $ - | $ (3,066,199) | $ - |
| (7,304,117) | - | (7,304,117) | - |
| 733,466 | - | 733,466 | - |
| (1,493,504) | - | (1,493,504) | - |
| (590,673) | - | (590,673) | - |
| (11,721,027) | - | (11,721,027) | - |
| - | 1,362,393 | 1,362,393 | - |
| - | 1,362,393 | 1,362,393 | - |
| $ (11,721,027) | $ 1,362,393 | $ (10,358,634) | $ - |
| | | | $ (1,262,822) |
| 7,491,575 | - | 7,491,575 | - |
| 4,749,474 | - | 4,749,474 | 1,579,586 |
| 1,297,690 | - | 1,297,690 | - |
| 93,149 | - | 93,149 | 62,001 |
| 950,727 | 265,919 | 1,216,646 | 96,779 |
| 3,941,337 | (3,941,337) | - | - |
| 18,523,952 | (3,675,418) | 14,848,534 | 1,738,366 |
| 6,802,925 | (2,313,025) | 4,489,900 | 475,544 |
| 38,124,284 | 41,336,287 | 79,460,571 | 3,672,000 |
| 1,275,237 | 90,194 | 1,365,431 | 155,615 |
| $ 46,202,446 | $ 39,113,456 | $ 85,315,902 | $ 4,303,159 |

**TOWN OF SUNNYVALE, TEXAS**

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

| | General | Debt Service | Capital Projects |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 13,728,273 | $ 191,214 | $ 8,498,434 |
| Receivables (net for allowances for uncollectables): | | | |
| Taxes | 1,132,060 | 37,769 | - |
| Accounts | 275,908 | - | - |
| Note | - | 175,000 | - |
| Tax note proceeds | - | 2,586 | 3,500,000 |
| Prepaids | 2,000 | - | - |
| Due from other funds | 852,065 | 99,475 | 1,300,000 |
| Restricted cash and cash equivalents | - | - | 2,200,603 |
| Total assets | 15,990,306 | 506,044 | 15,499,037 |
| **LIABILITIES** | | | |
| Accounts payable | 534,179 | 3,645 | 4,776,782 |
| Accrued liabilities | 178,857 | - | - |
| Due to other governments | 842,798 | - | - |
| Due to other funds | 3,009,961 | - | 369,047 |
| Unearned revenue | - | - | - |
| Total liabilities | 4,565,795 | 3,645 | 5,145,829 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - property taxes | 37,423 | 17,815 | - |
| Unavailable revenue - courts | 156,562 | - | - |
| Unavailable revenue - notes receivable | - | 175,000 | - |
| Total deferred inflows of resources | 193,985 | 192,815 | - |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaids | 2,000 | - | - |
| Restricted: | | | |
| Community services | - | - | - |
| Municipal court | - | - | - |
| Capital improvements | - | - | 5,700,603 |
| Debt service | - | 309,584 | - |
| Assigned: | | | |
| Infrastructure improvements | 25,000 | - | - |
| Vehicle replacement | 1,791,403 | - | - |
| Community development | 25,075 | - | - |
| Capital improvements | - | - | 4,652,605 |
| Unassigned | 9,387,048 | - | - |
| Total fund balances | 11,230,526 | 309,584 | 10,353,208 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 15,990,306 | $ 506,044 | $ 15,499,037 |

The accompanying notes are an integral part of these financial statements.

| Special Revenue | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ 1,439,436 | $ 23,857,357 |
| - | - | 1,169,829 |
| - | - | 275,908 |
| - | - | 175,000 |
| - | - | 3,502,586 |
| - | - | 2,000 |
| 1,675,243 | - | 3,926,783 |
| - | 2,261,698 | 4,462,301 |
| 1,675,243 | 3,701,134 | 37,371,764 |
| - | 28,001 | 5,342,607 |
| - | - | 178,857 |
| - | - | 842,798 |
| - | - | 3,379,008 |
| 1,497,894 | - | 1,497,894 |
| 1,497,894 | 28,001 | 11,241,164 |
| - | - | 55,238 |
| - | - | 156,562 |
| - | - | 175,000 |
| - | - | 386,800 |
| - | - | 2,000 |
| - | 72,559 | 72,559 |
| 177,349 | - | 177,349 |
| - | 2,161,138 | 7,861,741 |
| - | - | 309,584 |
| - | - | 25,000 |
| - | - | 1,791,403 |
| - | 1,439,436 | 1,464,511 |
| - | - | 4,652,605 |
| - | - | 9,387,048 |
| 177,349 | 3,673,133 | 25,743,800 |
| $ 1,675,243 | $ 3,701,134 | $ 37,371,764 |

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**TOWN OF SUNNYVALE, TEXAS**

RECONCILIATION OF THE BALANCE SHEET OF GEVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds | $ | 25,743,800 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | | 44,357,142 |
| Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | | (99,691) |
| Revenues earned but not yet available are reported as deferred inflows in the governmental funds, but are recognized as revenues for the governmental activities. | | |
| Property taxes | | 55,238 |
| Notes | | 175,000 |
| Court fines and fees | | 156,562 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and; therefore are not reported in the funds. | | |
| Bonds payable | | (21,535,000) |
| Premium on bonds | | (1,773,301) |
| Financing arrangements | | (280,220) |
| Compensated absences | | (181,981) |
| Net pension liability | | (917,772) |
| Total OPEB liability - SDBF | | (98,000) |
| Total OPEB liability - RHP | | (115,651) |
| Included in the items related to long-term liabilities is the recognition of deferred outflows and deferred inflows of resources related to pensions and OPEB. | | |
| Deferred outlows - pension | | 899,334 |
| Deferred outlows - OPEB | | 30,442 |
| Deferred inflows - pension | | (136,065) |
| Deferred inflows - OPEB | | (77,391) |
| Net Position of Governmental Activities-statement of net position | $ | 46,202,446 |

The accompanying notes are an integral part
of these financial statements.

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | General | Debt Service | Capital Projects |
|---|---|---|---|
| **REVENUES** | | | |
| Property taxes | $ 5,022,918 | $ 2,452,678 | $ - |
| Franchise taxes | 1,297,690 | - | - |
| Sales taxes | 4,749,474 | - | - |
| Fines and forfeitures | 200,053 | - | - |
| Impact fees | - | - | - |
| Licenses and permits | 924,217 | - | - |
| Charges for services | 214,094 | - | - |
| Intergovernmental | 413,828 | 37,600 | 460,000 |
| Investment income | 440,432 | 18,692 | 406,352 |
| Miscellaneous | 56,594 | - | - |
| Total revenues | 13,319,300 | 2,508,970 | 866,352 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 2,930,984 | - | - |
| Public safety | 6,337,102 | - | - |
| Public works | 291,854 | - | - |
| Public services and operations | 1,167,756 | - | - |
| Capital outlay: | | | |
| General government | 518,631 | - | - |
| Public works | - | - | 9,480,984 |
| Debt service: | | | |
| Principal retirement | 65,195 | 2,200,000 | - |
| Interest | 10,006 | 711,326 | - |
| Bond issuance cost | - | - | 139,625 |
| Total expenditures | 11,321,528 | 2,911,326 | 9,620,609 |
| Excess (deficiency) of revenues over expenditures | 1,997,772 | (402,356) | (8,754,257) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | 540,867 | - | 4,821,000 |
| Transfers out | (1,420,530) | - | - |
| Issuance of tax notes | - | - | 4,680,000 |
| Premium on tax notes | - | - | 161,625 |
| Total other financing sources (uses) | (879,663) | - | 9,662,625 |
| **NET CHANGE IN FUND BALANCES** | 1,118,109 | (402,356) | 908,368 |
| **FUND BALANCES - BEGINNING** | 9,228,355 | 615,550 | 9,444,840 |
| **PRIOR PERIOD ADJUSTMENT** | 884,062 | 96,390 | - |
| **FUND BALANCES - BEGINNING, RESTATED** | 10,112,417 | 711,940 | 9,444,840 |
| **FUND BALANCES - ENDING** | $ 11,230,526 | $ 309,584 | $10,353,208 |

The accompanying notes are an integral part of these financial statements.

| Special Revenue | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ - | $ - | $ 7,475,596 |
| - | - | 1,297,690 |
| - | - | 4,749,474 |
| 28,036 | - | 228,089 |
| - | 647,015 | 647,015 |
| - | - | 924,217 |
| - | - | 214,094 |
| 102,454 | - | 1,013,882 |
| - | 85,251 | 950,727 |
| 36,555 | - | 93,149 |
| 167,045 | 732,266 | 17,593,933 |
| | | |
| 138,337 | 235,829 | 3,305,150 |
| - | - | 6,337,102 |
| - | - | 291,854 |
| - | - | 1,167,756 |
| | | |
| - | 28,001 | 546,632 |
| - | - | 9,480,984 |
| | | |
| - | - | 2,265,195 |
| - | - | 721,332 |
| - | - | 139,625 |
| 138,337 | 263,830 | 24,255,630 |
| | | |
| 28,708 | 468,436 | (6,661,697) |
| | | |
| - | - | 5,361,867 |
| - | - | (1,420,530) |
| - | - | 4,680,000 |
| - | - | 161,625 |
| - | - | 8,782,962 |
| | | |
| 28,708 | 468,436 | 2,121,265 |
| | | |
| 148,641 | 3,204,697 | 22,642,083 |
| | | |
| - | - | 980,452 |
| | | |
| 148,641 | 3,204,697 | 23,622,535 |
| | | |
| $ 177,349 | $ 3,673,133 | $ 25,743,800 |

**TOWN OF SUNNYVALE, TEXAS**

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|---|---|
| Net Changes in Fund Balances - Governmental Funds | $ 2,121,265 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | |
| Capital outlay | 10,035,116 |
| Disposal of capital assets | (13,651) |
| Depreciation | (3,293,519) |
| Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds. | |
| Property taxes | 15,979 |
| Notes | (55,900) |
| Court fines and fees | 156,562 |
| The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal consumes current financial resources. Neither transaction, however, has any effect on net position. Also, while the governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. | |
| Issuance of debt | (4,680,000) |
| Premium on debt issuance | (161,625) |
| Principal repayment | 2,265,195 |
| Amortization of premiums and discounts | 332,375 |
| Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the funds. | |
| Accrued interest | (99,691) |
| Compensated absences | 289,272 |
| Pension expense | (88,254) |
| OPEB expense | (20,199) |
| Changes in net position-statement of activities | $ 6,802,925 |

The accompanying notes are an integral part of these financial statements.

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2023

| | Business-Type Activities Enterprise Fund Utility |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and cash equivalents | $ 9,288,541 |
| Restricted cash and cash equivalents | 2,911,337 |
| Receivable (net of allowances for uncollectables) | 1,644,166 |
| Due from other funds | 38,768 |
| Total current assets | 13,882,812 |
| Noncurrent assets: | |
| Capital assets, net of accumulated depreciation: | |
| Non-depreciable | 371,275 |
| Depreciable | 31,914,920 |
| Total capital assets, net of accumulated depreciation | 32,286,195 |
| Total noncurrent assets | 32,286,195 |
| Total assets | 46,169,007 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pension related | 179,911 |
| OPEB related - SDBF | 5,506 |
| OPEB related - retiree health | 583 |
| Total deferred outflows of resources | 186,000 |
| **LIABILITIES** | |
| Current liabilities: | |
| Accounts payable | 222,899 |
| Due to other funds | 586,543 |
| Compensated absences - current | 6,062 |
| Payables from restricted assets: | |
| Customer deposits | 404,674 |
| Accrued interest payable | 24,625 |
| Notes payable - current | 12,004 |
| Bonds payable - current | 430,000 |
| Total current liabilities | 1,686,807 |
| Noncurrent liabilities: | |
| Compensated absences | 18,186 |
| Net Pension liability | 183,598 |
| Total OPEB liability - SDBF | 19,605 |
| Total OPEB liability - retiree health | 23,136 |
| Notes payable | 47,991 |
| Bonds payable | 5,219,527 |
| Total noncurrent liabilities | 5,512,043 |
| Total liabilities | 7,198,850 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pension related | 27,219 |
| OPEB related - SDBF | 10,798 |
| OPEB related - retiree health | 4,684 |
| Total deferred inflows of resources | 42,701 |
| **NET POSITION** | |
| Net investment in capital assets | 26,576,673 |
| Restricted for Water infrastructure installation | 2,911,337 |
| Unrestricted | 9,625,446 |
| Total net position | $ 39,113,456 |

The accompanying notes are an integral part of these financial statements.

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Business-Type Activities Enterprise Fund Utility |
|---|---|
| **OPERATING REVENUES** | |
| Charges for services: | |
| Water Sales | $ 6,110,574 |
| Sewer Sales | 2,951,105 |
| Garbage collection fees | 590,629 |
| Total operating revenues | 9,652,308 |
| **OPERATING EXPENSES** | |
| Personnel services | 821,029 |
| Supplies and materials | 149,755 |
| Maintenance and repairs | 367,858 |
| Contractual services | 4,944,162 |
| Depreciation | 1,916,408 |
| Total operating expenses | 8,199,212 |
| Operating income (loss) | 1,453,096 |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Loss on disposal of capital assets | (4,390) |
| Investment income | 265,919 |
| Interest expense | (154,753) |
| Total non-operating revenues (expenses) | 106,776 |
| **INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS** | 1,559,872 |
| Capital contributions - impact fees | 68,440 |
| Transfers in | 120,530 |
| Transfers out | (4,061,867) |
| **CHANGE IN NET POSITION** | (2,313,025) |
| **NET POSITION - BEGINNING** | 41,336,287 |
| **PRIOR PERIOD ADJUSTMENT** | 90,194 |
| **NET POSITION - BEGINNING, RESTATED** | 41,426,481 |
| **NET POSITION - ENDING** | $ 39,113,456 |

The accompanying notes are an integral part of these financial statements.

**TOWN OF SUNNYVALE, TEXAS**

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Business-Type Activities Enterprise Fund Utility |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Cash received from customers | $ 9,250,931 |
| Cash paid to employees | (857,582) |
| Cash paid for goods and services | (5,602,399) |
| Net cash provided(used) by operating activities | 2,790,950 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Cash received from other funds | 212,954 |
| Net cash provided (used) by noncapital financing activities | 212,954 |
| **CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES** | |
| Acquisition and construction of capital assets | (369,838) |
| Interest and fiscal charges on debt | (205,975) |
| Capital contributions | 68,440 |
| Principal payments on bonds | (414,418) |
| Net cash provided (used) by capital and related financing activities | (921,791) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Investment income | 265,919 |
| **Net cash provided (used) by investing activities** | 265,919 |
| Net (decrease) increase in cash and cash equivalents | 2,348,032 |
| Cash and cash equivalents, Beginning | 9,845,784 |
| Cash and cash equivalents, Ending | 12,193,816 |
| Classified as: | |
| Current | 9,288,541 |
| Restricted | 2,911,337 |
| Total cash and cash equivalents | 12,199,878 |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | |
| Operating income (loss) | 1,453,096 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation | 1,916,408 |
| Change in Assets and Liabilities: | |
| Increase (decrease) in assets: | |
| Decrease (increase) in customer receivable | (453,556) |
| Decrease (increase) in inventory | 33,431 |
| Decrease (increase) in deferred outflows - pensions | (111,066) |
| Decrease (increase) in deferred outflows - OPEB | (873) |
| Increase (decrease) in accounts payable | (174,055) |
| Increase (decrease) in accrued liabilities | (48,820) |
| Increase (decrease) in customer deposits | 52,179 |
| Increase (decrease) in net pension liability | 179,499 |
| Increase (decrease) in total OPEB liabilities | 12,424 |
| Increase (decrease) in compensated absences | (26,737) |
| Increase (decrease) in deferred inlows - pensions | 14,660 |
| Increase (decrease) in deferred inlows - OPEB | (55,640) |
| Net cash provided (used) by operating activities | $ 2,790,950 |

The accompanying notes are an integral part of these financial statements.

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## 1. Summary of Significant Accounting Policies

The Town of Sunnyvale ("Town") is a municipal corporation governed by an elected mayor and a six-member Council. The Town provides the following services to the citizens of the Town as authorized by its chatter: public safety (police and fire), public works, parks and recreation, water and sewer utilities, and general administrative services.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to the state and local governments. Generally accepted accounting principles for local government include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled State and Local Governments-Audit and Accounting Guide. The more significant accounting policies or the Town are described below:

### A. Reporting Entity

The Town is a municipal corporation governed by an elected mayor and six-member Council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the Town is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

Under GASB Statement No. 14, component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB Statement No. 39 added clarification to GASB Statement No. 14 by including entities which meet all three of the following requirements.

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents;
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization;
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component unit have been ''discretely presented'' within the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component units provide services entirely or almost entirely to the citizenry.

**Discretely Presented Component Unit**

The Town has one discretely presented component unit, the 4B Economic Development Corporation. The component unit described below is included in the Town's reporting entity because the Town appoints the governing body, and the Corporation is fiscally dependent on the Town. To emphasize that the component unit is legally separate from the Town, it is reported in a separate column within the financial statements. Fund information for the component unit can be found in the supplementary information in this report. There are no separate financial statements issued for the component unit.

The Sunnyvale 4B Development Corporation is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic incentives, and development and improvement in the quality of life for its citizens. The members of the Corporation's board serve at the pleasure of the Town Council.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria to be included as a component unit if management's professional judgment determines it to be necessary and misleading if it were to be omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

## B. Basis of Presentation, Basis of Accounting

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires that the government-wide financial statements to be prepared using the accrual basis of accounting, and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the Town's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the Town’s statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and when expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the Town's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended budget with actual results for the General Fund.

The basic financial statements include both government-wide, based on the Town as a whole, and fund financial statements, The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component Units. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost, by function or business-type activity, is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds, and major individual proprietary funds are reported as separate columns within the fund financial statements. The major governmental funds are the General Fund, the Debt Service Fund and the Capital Projects Fund. The major proprietary fund is the Utility Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a separate column within the fund financial statements. With the adoption of GASB Statement No. 63, the presentation of deferred inflows/outflows is included in this calculation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the Utility Fund are charges to customers for sales and services. The Utility Fund also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the costs of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

The government-wide focus is more on the sustainability of the Town as an entity, and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

## C. Measurement Focus

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported within the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities, (whether current or noncurrent), are included on the statement of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred, regardless of the timing of cash flows.

## D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component units.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

*Governmental activities*, which are normally supported by property, sales and franchise taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of Town government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

## E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available when they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable shortly after year end, as required by GASB Interpretation No. 6.

Ad valorem, franchise, and sales tax revenues recorded in the General Fund, and ad valorem tax revenues recorded in the Debt Service Fund, are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed.

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources, and the related liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The following is a description of the Town's major governmental funds:

***General Fund*** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. All general tax revenues, and other receipts that are not restricted by law or contractual agreement to some other fund, are accounted for in this fund. General operating expenditures, fixed charges, and capital improvements costs, that are not paid through other funds, are paid from this fund.

***Debt Service Fund*** - The Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related cost on long term obligation debt of governmental funds.

***Capital Project Fund –*** The Capital Projects Fund accounts for the accumulation of resources used for the acquisition and/or construction of capital facilities of the Town except for those financed by proprietary funds.

***Special Revenue Fund*** – The Special Revenue Fund accounts for various revenues that are collected and can only be spent under specific guidelines. Some of these revenues originate from the American Heart Association, Tree Mitigation, Lone Star Libraries Grant, Court Technology, Court Security, the Cares Act Grant, Health and Human Services Stimulus, and Donations.

Proprietary funds are accounted for on a flow of economic resources measurement focus. Within the economic measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases, (e.g., revenues), and decreases, (e.g., expenses), in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the Town's water and sewer services are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses, not meeting this definition, are reported as nonoperating revenues and expenses. The following is a description of the proprietary fund:

***Utility Fund*** - The Utility Fund accounts for the activities of trash collection, and water and wastewater operations, that are intended to be self-supporting on a user charge basis.

## F. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

### Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of one year or less from the date of acquisition.

### Receivables

All trade and property tax receivables are shown net of an allowance for un-collectibles. Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as Internal Balances. Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

### Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law, through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents, and investments set aside for repayment of customer's water/sewer deposits, impact fees, and various bond covenants. Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and improvements, purchased, or acquired, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. The Town defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at acquisition value as of the date donated. Additions, improvements, and other capital outlays, that significantly extend the useful life of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

Assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| Assets | Use Lives (Years) |
|---|---|
| Buildings | 40 years |
| Building Improvements | 10-40 years |
| Machinery & Equipment | 3-5 years |
| Infrastructure | 40-50 years |
| Vehicles/Apparatus | 10-15 years |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town only has two items that qualify for this type of reporting. It is the deferred charge on refunding debt reported in the government-wide statement of net position, and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt, and its reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The Town's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year end. Also, the difference between projected and actual investment earnings are amortized as a component of pension expense over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. Accordingly, the item, unavailable revenue is reported in the governmental funds balance sheet. Deferred revenue from property taxes is shown as a deferred inflow of resources. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. Deferred revenue from the receivable from 4A is shown as a deferred resource. The amount is deferred and recognized as inflows of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, and GASB Statement No. 75, a deferred inflow is recorded in the government-wide statement of net position and within the separate financials for the proprietary statement of net position, for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

**Compensated Absences**

It is the government's policy to permit employees with at least six months of continuous service to accumulate earned but unused vacation pay benefits, not to exceed two times the rate of the employees' annual rate of accrual based on years of service. It is the Town's policy to pay all vacation leave and compensatory time (for non-exempt employees) regardless of whether the termination was voluntary or involuntary. All sick and vacation pay is accrued when incurred within the government-wide and proprietary fund financial statements. As such, there is an accrual at the close of the fiscal year in the government-wide and proprietary fund financial statements for the amount due to all employees as of September 30, 2023. No unused holiday leave will be paid upon termination of employment.

**Pension**

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amounts recognized as pension expenditures.

For purposes of measuring the net pension liability, and deferred inflows/outflows of resources, relating to pension expense, information about the fiduciary net position of the Town's pension plan with TMRS, and additions/deductions from the plan's fiduciary net position, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expenses. Differences between projected and actual investment earnings are reported as deferred inflows of resources, or deferred outflows of resources, and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

**Other Post-Employment Benefits (OPEB)**

*Supplemental Death Benefit Fund.* For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, Town specific information about its total TMRS SDBF liability and additions to/deductions from the Town’s total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

*Retiree Health Insurance.* For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the Town for benefits due and payable that are not reimbursed by plan assets. Information regarding the Town’s total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

**Long-term Debt**

In the government-wide financial statements, and proprietary fund types within the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The Town has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payables are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

Within the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position within the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

**Fund Balance Policies**

In the fund financial statements, governmental funds report reservations of fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

- Non-spendable fund balance - includes the portion of net resources that cannot be spent because of its form (i.e., inventory, long-term loans, or prepaids), or because they must remain intact.

- Restricted fund balance - includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers, or as allowed by law through constitutional provisions or enabling legislation.

- Committed fund balance - includes the portion of net resources that can only be used for a specific purpose, determined by a resolution or ordinance of the Town Council, and that remains binding unless removed in the same manner. The resolution must be approved before the commitment will be reflected on the financial statements.

- Assigned fund balance - includes the portion of net resources for which an intended use has been established by the Town Council or the Town Manager. Assignment of fund balance is much less formal than commitments and does not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed, which indicates that resources are, at a minimum, intended to be used for the purpose of that fund, as directed by the Town Council, or the Town Manager.

- Unassigned fund balance - includes the amounts within the General Fund in excess of what can properly be classified in one of the other categories of fund balance. It is the residual classification of the General Fund, and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment, committed fund balance, or an assignment, assigned fund balance.

The purpose of the Town's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unprecedented one-time expenditures.

It is the long-term goal of the Town to maintain a minimum unassigned fund balance in the general fund equivalent to no less than 66% of operating expenses. The Town is currently in compliance with this policy, with an unassigned fund balance at 84% of operating expenditure.

**Fund Balance Flow Assumptions**

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources, the total of committed, assigned and unassigned fund balance. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance within the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider any restricted fund balance to have been depleted before using any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Federal and State Grants**

Grants and shared revenues are generally accounted for within the fund financed.

**Property Taxes**

The Town's property tax is levied each October 1, on the assessed value listed as of the prior January 1, for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Dallas County Appraisal District bills for the property taxes, which are due October 1. Full payment must be made prior to the next January 31, to avoid penalty or interest charges. Over time, substantially all property taxes are collected. Revenues are recognized as ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraisal values. The Town may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the Town continues to set tax rates on Town property. However, if the adopted tax rate is above the voter approval tax rate, but below the de minimis rate, qualified voters of the Town may petition for an election per the Senate Bill 2, 86th Legislative Session that made several significant changes to the truth-in-taxation process.

For the fiscal year ended September 30, 2023, the Town had a tax rate of $.4530 per $100 assessed values.

**Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In, and Transfers Out, are netted, and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

**Program Revenue**

Certain revenues such as charges for services and impact fees are included in program revenues.

**Program Expenses**

Certain indirect costs, such as administrative costs, are included in the program expense reported for individual functional activities.

## 2. Cash and Investments

The Town's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with the Town's agent approved pledged securities authorized by Chapter 2257, "Collateral for Public Fund of the Government Code", in an amount sufficient to protect the Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks' dollar amount of Federal Deposit Insurance Corporation ("FDIC").

**Cash Deposits**

At September 30, 2023, the carrying amount of the Town's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $40,519,536 and the bank balance was $41,039,522. For component units, the carrying amount of the 4A Development Corporation’s deposits was $266,809 and the bank balance was $266,809; the 4B Development Corporation carried cash balances of $3,940,574 with a bank balance of $3,992,084. Both the Town and component unit's cash deposits at September 30, 2023 and during the year ended September 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the Town's agent bank in the Town's name.

Cash and investments as of September 30, 2023 consist of and are classified in the financial statements as follows:

Statement of net position:

| | Carrying Value |
|---|---|
| **Primary Government** | |
| Cash and cash equivalents | $ 33,145,898 |
| Restricted assets-cash and cash equivalents | 7,373,638 |
| **Total cash and cash equivalents** | 40,519,536 |
| | |
| **Governmental- Restricted Cash** | |
| Roadway impact | 1,837,180 |
| Homestead Amenities | 351,959 |
| PEG capital | 72,559 |
| Capital Projects | 2,200,603 |
| **Total Governmental** | 4,462,301 |
| | |
| **Business-type- Restricted Cash** | |
| Water Infrastructure Installation | 2,911,337 |
| **Total Business-type** | 2,911,337 |
| **Total Restricted cash** | $ 7,373,638 |

**Investments**

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the Town to have an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

Currently, all of the Town's investments are with TexSTAR and Texas Class. TexSTAR is administered by First Southwest Asset Management Inc. and JP Morgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. TexSTAR is a local government investment cooperative created under the Interlocal Cooperation Act, specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield, The fund is rated AAAm by Standard & Poor's. A request for TexSTAR's financial statement can be made at www.TexStar.org.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the Town to require full collateralization of all Town investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

In order to anticipate market changes and provide a level of security for all funds, it is the Town's policy that the market value of investments securing the deposit of funds shall be at least equal to or not less than 102% of the amount of the deposit of funds, reduced to the extent that the deposits are insured by the FDIC. The market value of collateral will always equal or exceed the principal and accrued interest of deposits at financial institutions. At its discretion, the Town may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with whom the Town has a current custodial agreement. As of September 30, 2023, the Town is in compliance with this policy.

**Credit Risk**

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

The Town will minimize credit risk, the risk of loss due to the failure of security issuer or backer by:

- Limiting investment to the safest types of securities;
- Pre-qualifying the financial institutions and broker/dealers with which the Town will do business;
- Diversifying the investment portfolio so that potential loss on individual securities will be minimized.

***Interest Rate Risk***

Investment rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its market value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 60 days, thus reducing interest rate risk. The Town monitors interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town's investment policy has no specific limitations with respect to this metric.

**Fair Value of Investments**

Investments of the Town are recognized at fair value, except for amounts deposited with investment pools, which are measured at net asset value, which approximates fair value. The Town invests in TexStar and Texas Class investment pools, which maintain a stable NAV of $1 per share. The Town has no unfunded commitments to these pools and may redeem investments at any time. The pools have a redemption notice period of one day and may be redeemed daily. The pools' authority may only impose restrictions on redemption in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects the pools' liquidity.

The Town is required to disclose the fair value of its investments within the fair value hierarchy established by GASB 72. In the fair value hierarchy, there are three levels: 1) Inputs that are quoted prices (unadjusted) for identical assets, or liabilities in active markets that a government can access at the measurement date, 2) inputs (other than quoted prices included within level one) that are observable for an asset or liability, either directly or indirectly, 3) unobservable inputs for an asset or liability.

Investments as of September 30, 2023, are as follows:

| Investment Type | Amount | Minimum Legal Rating | Rating as of Year End | Average Maturity |
|---|---|---|---|---|
| TexStar | $ 14,644,603 | N/A | AAAm | 37 days |
| TexasClass | 9,113,238 | N/A | AAAm | 82 days |
| | $ 23,757,841 | | | |

## 3. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

| | General | Debt Service | Capital Projects | Utility Fund | Total |
|---|---|---|---|---|---|
| Receivables: | | | | | |
| Taxes | $ 1,142,417 | $ 38,225 | $ - | $ - | $ 1,180,642 |
| Fees and Charges | 3,009,323 | - | - | 1,664,834 | 4,674,157 |
| Tax note proceeds | - | 175,000 | 3,500,000 | - | 3,675,000 |
| Gross Receivables | 4,151,740 | 213,225 | 3,500,000 | 1,664,834 | 9,529,799 |
| Less: | | | | | |
| Allowance for uncollectibles | (2,743,772) | (456) | - | (20,668) | (2,764,896) |
| Net Total Receivables | $ 1,407,968 | $ 212,769 | $ 3,500,000 | $ 1,644,166 | $ 6,764,903 |

Allowance for uncollectables: Approximately 99%, or $2,741,810, of the allowance represents older outstanding court warrants that that have been deemed as potentially uncollectable.

Amounts reported for tax note proceeds receivable relate to the issuance of the Town's Tax Notes, Series 2023. The long-term debt was recognized due to the notes being dated and priced in September 2023, but the closing did not occur until October 2023.

## 4. Note Receivables

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by the Corporation to pay a portion of the principal and interest on the bonds.

| | Balance 9/30/2022 | Additions | Decreases | Balance 9/30/2023 | Due within One Year |
|---|---|---|---|---|---|
| Note receivable-4A Dev | $ 239,084 | $ - | $ (64,084) | $ 175,000 | $ 30,000 |

Requirement as follows:

| Year Ending September 30, | Payment |
|---|---|
| 2024 | 30,000 |
| 2025 | 35,000 |
| 2026 | 35,000 |
| 2027 | 35,000 |
| 2028 | 40,000 |
| | $ 175,000 |

## 5. Capital Assets

Capital asset activity for the period ended September 30, 2023, was as follows:

| | Balance 9/30/2022 | Additions | Decreases | Balance 9/30/2023 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 2,610,223 | $ - | $ - | $ 2,610,223 |
| Construction in progress | 15,636,674 | 9,450,305 | (18,707,932) | 6,379,047 |
| **Total capital assets not being depreciated** | 18,246,897 | 9,450,305 | (18,707,932) | 8,989,270 |
| **Capital assets being depreciated:** | | | | |
| Buildings & Improvements | 7,315,363 | 8,252,908 | (2,194) | 15,566,077 |
| Machinery and equipment | 5,795,273 | 470,758 | (859,169) | 5,406,862 |
| Infrastructure | 13,010,809 | 14,073,097 | (6,359) | 27,077,547 |
| **Total capital assets being depreciated** | 26,121,445 | 22,796,763 | (867,722) | 48,050,486 |
| **Less accumulated depreciation for:** | | | | |
| Buildings & Improvements | (2,542,935) | (911,375) | 2,194 | (3,452,116) |
| Machinery and equipment | (4,104,986) | (484,343) | 850,373 | (3,738,956) |
| Infrastructure | (3,595,246) | (1,897,800) | 1,504 | (5,491,542) |
| **Total accumulated depreciation** | (10,243,167) | (3,293,518) | 854,071 | (12,682,614) |
| **Total capital assets being depreciated, net** | 15,878,278 | 19,503,245 | (13,651) | 35,367,872 |
| **Govemmental activities capital assets, net** | $ 34,125,175 | $ 28,953,550 | $ (18,721,583) | $ 44,357,142 |

| | Balance 9/30/2022 | Additions | Decreases | Transfers | Balance 9/30/2023 |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| **Capital assets, not being depreciated:** | | | | | |
| Land | $ 127,225 | $ - | $ (1,000) | $ - | $ 126,225 |
| Construction in progress | 209,720 | 374,227 | - | (338,897) | 245,050 |
| **Total capital assets, not being depreciated** | 336,945 | 374,227 | (1,000) | (338,897) | 371,275 |
| **Capital assets being depreciated:** | | | | | |
| Building | 6,720,279 | - | - | 22,763 | 6,743,042 |
| Machinery and equipment | 1,788,883 | - | (101,753) | 32,857 | 1,719,987 |
| Infrastructure | 34,811,198 | - | (3,500) | 283,277 | 35,090,975 |
| **Total assets being depreciated** | 43,320,360 | - | (105,253) | 338,897 | 43,554,004 |
| **Less accumulated depreciation for:** | | | | | |
| Building | (1,576,684) | (483,197) | - | (7,284) | (2,067,165) |
| Machinery and equipment | (742,641) | (145,216) | 101,213 | 7,284 | (779,360) |
| Infrastructure | (7,505,215) | (1,287,995) | 651 | - | (8,792,559) |
| **Total accumulated depreciation** | (9,824,540) | (1,916,408) | 101,864 | - | (11,639,084) |
| Total capital assets being depreciated, net | 33,495,820 | (1,916,408) | (3,389) | 338,897 | 31,914,920 |
| **Business-type activities capital assets, net** | $ 33,832,765 | $ (1,542,181) | $ (4,389) | $ - | $ 32,286,195 |

**Depreciation**

Depreciation expense was charged to functions/programs of the primary government as follows: Governmental activities:

| | |
|---|---|
| General government | $ 980,517 |
| Public safety | 1,879,988 |
| Public Works | 86,582 |
| Parks and recreation | 346,431 |
| **Total depreciation expense - governmental activities** | $ 3,293,518 |
| **Business-type activities:** | |
| Utility | $ 1,916,408 |
| **Total depreciation expense- business-type activities** | $ 1,916,408 |

**Construction commitments**

The Town has active construction projects as of September 30, 2023. At year-end the town's commitments with contractors are as follows:

| Projects | Remaining Commitment |
|---|---|
| Street improvements | $ 4,345,090 |
| Drainage | 27,422 |
| Water and sewer | 2,039,623 |
| Total Commitments | $ 6,412,135 |

## 6. Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund payables at the end of the fiscal year were as follows:

| Receivable Fund | Payable Fund | Amount | Purpose |
|---|---|---|---|
| General fund | Capital projects | $ 57,519 | Short-term pooled cash loan |
| General fund | Untility fund | 351,062 | Short-term pooled cash loan |
| General fund | Utility fund | 11,006 | Short-term pooled cash loan |
| General fund | Capital projects | 307,478 | Advance for projects |
| General fund | Utility fund | 125,000 | Advance for projects |
| Debt service | Utility fund | 81,625 | Short-term pooled cash loan |
| Debt service | Utility fund | 17,850 | Short-term pooled cash loan |
| Capital projects | General fund | 1,300,000 | Advance for projects |
| Special revenue | General fund | 1,675,243 | Short-term pooled cash loan |
| Utility fund | Capital projects | 4,050 | Short-term pooled cash loan |
| Utility fund | General fund | 34,718 | Short-term pooled cash loan |
| Totals | | $ 3,965,551 | |

Interfund transfers made during the fiscal year were as follows:

| Transfer From | Transfer To | Amount | Purpose |
|---|---|---|---|
| Utility fund | General fund | $ 125,000 | Supplement capital projects funding |
| Utility fund | General fund | 415,867 | Franchise fee and indirect costs |
| Utility fund | Capital projects | 3,521,000 | Supplement capital projects funding |
| General fund | Capital projects | 1,300,000 | Supplement capital projects funding |
| General fund | Utility fund | 120,530 | Supplement capital projects funding |
| | | $ 5,482,397 | |

## 7. Long-term Obligations

The Town issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system that is generally limited to a nominal amount.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the Town default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Town to make payment.

The Town issued Tax Notes, Series 2022 in the amount of $1,240,000 and Tax Notes, Series 2023 in the amount of $3,440,000, both for DMAIC projects. The Series 2022 notes bear interest rates ranging from 2.50% to 2.55% and mature in 2024. The Series 2023 notes bear interest rates ranging from 3.38% to 3.54% and mature in 2030.

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2023, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|---|---|---|---|---|---|
| **Primary Government** | | | | | |
| **Governmental activities:** | | | | | |
| Bonds payable | $ 19,055,000 | $ 4,680,000 | $( 2,200,000) | $ 21,535,000 | $ 1,835,000 |
| Bond premiums | 1,968,173 | 161,625 | ( 333,992) | 1,795,806 | - |
| Bond discounts | ( 24,122) | | 1,617 | ( 22,505) | - |
| Financed purchase | 345,415 | - | ( 65,195) | 280,220 | 67,083 |
| Compensated absences | 471,253 | 222,554 | ( 511,826) | 181,981 | 45,495 |
| **Total governmental activity Long-term liabilities** | $ 21,815,719 | $ 5,064,179 | $( 3,109,396) | $ 23,770,502 | $ 1,947,578 |
| **Business-type activities:** | | | | | |
| Bonds payable | $ 5,465,000 | $ - | $( 405,000) | $ 5,060,000 | $ 430,000 |
| Bond premium | 653,368 | | ( 45,987) | 607,381 | - |
| Notes payable | 71,999 | | ( 12,004) | 59,995 | 12,004 |
| Note discounts | ( 21,425) | | 3,571 | ( 17,854) | - |
| Compensated Absences | 44,923 | 21,021 | ( 41,696) | 24,248 | 6,062 |
| **Total business-type activity Long-term liabilities** | $ 6,213,865 | $ 21,021 | $( 501,116) | $ 5,733,770 | $ 448,066 |

### General Obligation Bonds

The general obligation bonds are backed by the full faith and credit of the Town and are payable from property taxes.

### Refunding bond and certificates of obligations

The refunding bonds and certificates of obligation are payable from the net revenues of the Utility Fund and from property taxes received by the Town.

### Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General or Proprietary Fund, based on the assignment of an employee at date of termination.

The Town's outstanding bonded debt is as follows:

| | Interest Rate | Issue Date | Maturity Date | Original Issue | Outstanding |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| 2021 General Obligation Refunding | 4% | 2021 | 2028 | 1,340,000 | 1,150,000 |
| 2017 Certificates of Obligation | 3% | 2017 | 2037 | 4,045,000 | 3,305,000 |
| 2019 Certificates of Obligation | 2.5% - 4.0% | 2019 | 2040 | 5,720,000 | 5,720,000 |
| 2020 Certificates of Obligation | 2.5% - 4.0% | 2020 | 2040 | 6,355,000 | 6,240,000 |
| 2019 Tax Notes | 1.80% | 2019 | 2026 | 3,560,000 | 1,640,000 |
| 2022 Tax Notes | 2.50% - 2.55% | 2022 | 2024 | 1,240,000 | 40,000 |
| 2023 Tax Notes | 3.38% - 3.54% | 2023 | 2030 | 3,440,000 | 3,440,000 |
| Total governmental bonds | | | | 25,700,000 | 21,535,000 |
| **Business-type activities:** | | | | | |
| 2020 General Obligation Refunding | 2.5% - 4.0% | 2020 | 2040 | 3,105,000 | 1,405,000 |
| 2021 General Obligation Refunding | 4.00% | 2021 | 2028 | 995,000 | 850,000 |
| 2020 Certificates of Obligation | 3.0% - 4.0% | 2020 | 2031 | 1,845,000 | 2,805,000 |
| | | | | 5,945,000 | 5,060,000 |

The annual requirements for the Town's outstanding bonds are as follows:

| | Governmental Activities | | Business-Type Activities | | Primary Government | |
|---|---|---|---|---|---|---|
| Year Ending September 30 | Principal | Interest | Principal | Interest | Total Principal | Total Interest |
| 2024 | 1,835,000 | 790,064 | 430,000 | 189,425 | 2,265,000 | 979,489 |
| 2025 | 1,670,000 | 756,945 | 450,000 | 174,625 | 2,120,000 | 931,570 |
| 2026 | 1,635,000 | 702,670 | 460,000 | 158,050 | 2,095,000 | 860,720 |
| 2027 | 1,475,000 | 643,925 | 480,000 | 140,675 | 1,955,000 | 784,600 |
| 2028 | 1,545,000 | 581,100 | 495,000 | 120,600 | 2,040,000 | 701,700 |
| 2029-2033 | 5,285,000 | 2,056,525 | 1,350,000 | 396,450 | 6,635,000 | 2,452,975 |
| 2034-2038 | 6,070,000 | 966,900 | 955,000 | 186,500 | 7,025,000 | 1,153,400 |
| 2039-2040 | 2,020,000 | 81,600 | 440,000 | 17,800 | 2,460,000 | 99,400 |
| | $ 21,535,000 | $ 6,579,729 | $ 5,060,000 | $ 1,384,125 | $ 26,595,000 | $ 7,963,854 |

## Financing Arrangements

The Town entered into a financing arrangement for a 2018 E-One Fire Truck in the amount of $526,409 on February 20, 2021. The lease will be repaid over a seven-year period at an interest rate of 2.89%. The future minimum lease obligations and the net present value of these minimum payments as of September 30, 2023, were as follows:

| Year Ending September 30 | Principal | Interest |
|---|---|---|
| 2024 | 67,083 | 8,118 |
| 2025 | 69,030 | 6,175 |
| 2026 | 71,026 | 4,175 |
| 2027 | 73,084 | 2,117 |
| | $ 280,223 | $ 20,585 |

**Note Payable**

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of the agreement, the Town agreed to repay program income to the Texas Department of Agriculture in an amount up to $192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred and forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2023, totals $59,996. The amount due within one-year totals $12,004.

| Year Ending September 30 | Minimum Obligation |
|---|---|
| 2024 | 12,004 |
| 2025 | 12,004 |
| 2026 | 12,004 |
| 2027 | 12,004 |
| 2028 | 11,979 |
| | $ 59,995 |

**Component Unit Note to Primary Government**

The Sunnyvale 4A Development Corporation agreed to pay a portion of the Town's 2013 Refunding Bond by remitting to the Town from the receipts of local sales and use taxes received by 4A to pay a portion of the principal and interest on the bonds. 4A remitted $37,600 to the Town during fiscal year 2023. The outstanding amount owed to the Town as of September 30, 2023 totaled $175,000.

Requirements to maturity are as follows:

| Year Ending September 30 | Principal | Interest |
|---|---|---|
| 2024 | 30,000 | 6,400 |
| 2025 | 35,000 | 5,100 |
| 2026 | 35,000 | 3,700 |
| 2027 | 35,000 | 2,300 |
| 2028 | 40,000 | 800 |
| | $ 175,000 | $ 18,300 |

**DEFINED BENEFIT PENSION PLAN**

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TMRS and additions/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description**

The Town provides pension benefits for all its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report ("ACFR") that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the Town Council, within the options available in the statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**Employees covered by benefit terms:**

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 26 |
| Inactive employees entitled to but not yet receiving benefits | 58 |
| Active employees | 74 |
| Total | 158 |

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the Town Council. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. Contribution rates for the Town were 11.06% and 11.58% in calendar years 2022 and 2021, respectively. The Town's contributions to TMRS for the fiscal year ended September 30, 2023 were $659,972, and were equal to the required contributions.

**Net Pension Liability**

The Town's Net Pension Liability ("NPL") was measured as of December 31, 2022, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.0% per year<br>population declines, if any |
| Investment Rate of Return | 6.75%, net of pension plan investment<br>expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the Town, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2022 valuations were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31. 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions were made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability/(Asset)**

| | Increase (Decease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/2021 | $ 8,459,871 | $ 8,435,276 | $ 24,595 |
| Changes for the year: | | | |
| Service cost | 887,169 | - | 887,169 |
| Interest (on the Total Pension liabilit | 587,703 | - | 587,703 |
| Change in benefit terms | 4,709 | - | 4,709 |
| Difference between expected and actual experience | (160,295) | - | (160,295) |
| Contributions - employer | - | 569,733 | (569,733) |
| Contributions - employee | - | 289,451 | (289,451) |
| Benefit payments, including refunds of employee contributions | (402,920) | (402,920) | - |
| Net investment income | - | (617,704) | 617,704 |
| Administrative expense | - | (5,328) | 5,328 |
| Other changes | - | 6,359 | (6,359) |
| Net changes | 916,366 | (160,409) | 1,076,775 |
| Balance at 12/31/2022 | $ 9,376,237 | $ 8,274,867 | $ 1,101,370 |

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate**

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|---|---|---|
| City's net pension liability/(asset) | $ 1,406,732 | $ 1,101,370 | $( 1,079,958) |

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the Town recognized pension expense of $733,258.

At September 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 1,919 | $ 163,241 |
| Changes in actuarial assumptions | - | 43 |
| Difference between projected and actual investment earnings | 577,263 | - |
| Contributions subsequent to the measurement date | 500,063 | - |
| Total | $ 1,079,245 | $ 163,284 |

$500,063 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the town's financial statements September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Year Ended September 30, | |
|---|---|
| 2024 | $ 6,208 |
| 2025 | 93,674 |
| 2026 | 106,690 |
| 2027 | 209,326 |
| Total | $ 415,898 |

**OTHER POST-EMPLOYMENT BENEFITS**

The Town provides for two other post-employment benefit (OPEB) plans: the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), and its own single-employer Retiree Benefits Plan. Both are described in detail below. Neither OPEB plan has fiduciary net position and thus all future benefit payments will be paid with Town funds. As such, management has estimated the amount due within one year that is reported as a current liability in the statement of net position.

**TMRS Supplemental Death Benefits Fund**

***Plan Description.*** The Town voluntarily participates in a single-employer other post-employment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the Town's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

***Benefits Provided.*** The SDBF provides group-term life insurance to Town employees who are active members in TMRS, including or not including retirees. The Town Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving be | 1 |
| Inactive employees entitled to but not yet receiving benefi | - |
| Active employees | 71 |
| Total | 72 |

***Contributions.*** The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2023 and 0.19% for 2022, of which 0.10% and 0.10%, respectively, represented the retiree-only portion for each year as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The Town's contributions to the SDBF for the years ended September 30, 2023 and 2022 were $14,005 and $9,720 respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

The Town's total OPEB liability of $117,605 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.5% including inflation |
| Discount rate | 4.05% |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables and were projected on a fully generational basis with scale UMP. For disabled annuitants, the rates include a 4-year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Changes in assumptions reflect the annual change in the municipal bond rate.

***Discount Rate.*** A single discount rate of 4.05% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the Town are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the Total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

The following presents the Total OPEB Liability of the Town, as well as what the Town's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05 percent) or 1-percentage-point higher (5.05%) than the current discount rate.

| 1% Decrease in Discount Rate (3.05%) | Discount Rate (4.05%) | 1% Increase in Discount Rate (5.05%) |
|---|---|---|
| $ 141,853 | $ 117,605 | $ 99,036 |

**Changes in the Total OPEB Liability:**

| **Changes in Total OPEB Liability** | |
|---|---|
| Total OPEB Liability - Beginning | $ 169,652 |
| Changes for the year: | |
| Service cost | 19,297 |
| Interest on total OPEB liability | 3,255 |
| Differences between expected and actual experien | (5,958) |
| Changes in assumptions or other inputs | (63,817) |
| Benefit payments | (4,824) |
| Net Changes in Total OPEB Liability | (52,047) |
| Total OPEB Liability - Ending | $ 117,605 |

**Deferred (Inflows)/Outflows of Resources:**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference in expected and actual economic experience | $ 236 | $ 8,982 |
| Difference in assumption changes | 21,175 | 55,794 |
| Contributions subsequent to the measurement date | 11,621 | - |
| Totals | $ 33,032 | $ 64,776 |

$11,621 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | |
|---|---|
| 2023 | $ (4,464) |
| 2024 | (3,053) |
| 2025 | (5,880) |
| 2026 | (9,286) |
| 2027 | (9,299) |
| Thereafter | (11,383) |
| Total | $ (43,365) |

**Retiree Health Plan**

***Plan Description.*** The Town provides healthcare benefits through a single employer defined benefit healthcare plan for all full-time employees and retirees that meet the minimum retirement age of 60 and are vested in the retirement plan prior to retirement or have twenty years or more of service at any age. Currently, the retiree contributes 100% of the blended healthcare premium for coverage and is also responsible for payment of premiums for any dependent coverage. Retiree contribution rates for fiscal year 2022-2023 ranged from $585.58 to $1,727.42 per month depending on the coverage level selected. This plan is administered by the Town, and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

***Benefits and Contributions.*** Survivors of employees who die while actively employed are not eligible for retiree healthcare benefits. Employees who become disabled are not eligible for retiree healthcare benefits unless they meet the Town's retirement requirements, and they elect to retire from the Town. The dependent of a current employee can receive coverage when the employee retires if the retiree elects dependent coverage at the time of retirement, the only exception would be in the event of a family status change which will allow dependents to be added at a later date. The retiring employee must continue to elect (and pay for) coverage for the dependents at all future open enrollments or the dependent coverage will cease. The dependents of all future retirees can continue to receive coverage under these circumstances, assuming the current policy remains unchanged. Retirees who decide to opt-out of the healthcare plan are not eligible to opt back in at a later date.

The number of employees currently covered by the benefit terms is as follows:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving bene | 1 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | 71 |
| Total | 72 |

***Actuarial Methods and Assumptions***

Significant methods and assumptions were as follows:

| | |
|---|---|
| Actuarial Valuation Date | December 31, 2022 |
| Actuarial Cost Method | Individual Entry-Age, Normal |
| Inflation Rate | 2.50% |
| Salary Increases | 3.50% to 11.50%, including inflation |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). |
| Mortality | For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements. |
| Health care cost trend rates | Initial rate of 7.00% declining to an ultimate rate of 4.25% after 14 years. |
| Participation rates | It was assumed that 20% of pre-65 retirees would maintain their health coverage through the Town's plan. |
| Discount rate | The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the methodology for determining service cost was updated to accrue the benefit over each employee's service with the Town. |

Projections of health benefits are based on the plan as understood by the Town and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.05% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

***Changes in the Total OPEB Liability***

The Town's total OPEB liability of $138,787 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022. Rollforward procedures were used to update the total OPEB liability to the current measurement date.

| | Total OPEB Liability |
|---|---|
| Balance at 12/31/2021 | $ 133,328 |
| Changes for the year: | |
| Service cost | 37,849 |
| Interest | 2,768 |
| Changes of assumptions | (30,483) |
| Difference between expected and actual experience | (1,055) |
| Benefit payments | (3,620) |
| Net changes | 5,459 |
| Balance at 12/31/2022 | $ 138,787 |

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

***Discount Rate Sensitivity Analysis***

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB liability.

| | 1% Decrease in Discount Rate (3.05%) | Discount Rate (4.05%) | 1% Increase in Discount Rate (5.05%) |
|---|---|---|---|
| Total OPEB liability | $ 151,636 | $ 138,787 | $ 127,317 |

***Healthcare Cost Trend Rate Sensitivity Analysis***

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 124,322 | $ 138,787 | $ 156,272 |

***OPEB Expense and Deferred Outflows of Resources Related to OPEB***

For the year ended September 30, 2023, the Town recognized OPEB expense of $37,176. At September 30, 2023, the Town reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 940 |
| Changes in actuarial assumptions | - | 27,157 |
| Contributions subsequent to the measurement date | 3,499 | - |
| Totals | $ 3,499 | $ 28,097 |

$3,499 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the Town paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | OPEB Expense Amount |
|---|---|
| 2024 | $ (3,441) |
| 2025 | (3,441) |
| 2026 | (3,441) |
| 2027 | (3,441) |
| 2028 | (3,441) |
| Thereafter | (10,892) |
| Total | $ (28,097) |

**HEALTH CARE COVERAGE**

During the year ended September 30, 2023, employees of the Town were covered by a health insurance plan with Texas Municipal League Intergovernmental Employee Benefit Pool ("TMLIEBP"). The Town contributed $488 per month. In addition, a monthly amount, $125 was credited to a Health Reimbursement Account ("HRA") for each employee. The Town also paid the monthly premium for a $10,000 life insurance and accidental death and dismemberment ("AD&D") protection for each employee. The Town paid 100% of monthly premiums for full- time employees. The Town did not pay for dependent coverage; however, it was available to employees at their option and was paid through payroll deductions.

**INSURANCE COVERAGE**

In accordance with state statute, the Town was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed and eligible to do business in Texas, in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion, dated October 1, 2015, the unfunded claim benefit obligation included no reported claims that were unpaid, and no estimated claims incurred, but not reported.

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The Town pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The Town continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**LITIGATION**

The Town is a party to various legal proceedings arising in the ordinary course of its operations. Management believes that the Town has adequate legal defenses and/or insurance coverage respecting each of these actions.

**ADDITIONAL WATER AND SEWER INFORMATION**

The following information is included at the request of the Texas Water Development Board for the year under audit.

Water Accountability Report: Gallons Purchased 733,422,000 Gallons Billed 742,981,593

The Town secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59, created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation, and eminent domain power and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the Town. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statute and contract, or otherwise permitted by law, to discontinue a facility or service in order to prevent abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of these factors, the District is not included in the Town's basic financial statements.

The Town purchases its water from the North Texas Municipal Water District ("NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The Town currently pays $3.44 per thousand gallons for water with the total cost for this current fiscal year being $2,729,456.

## NEW ACCOUNTING STANDARDS

Significant new accounting standards and guidance issued by the GASB not yet implemented by the Town include the following:

The GASB has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the $150,000 aggregate amount (100 computers costing $1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

## PRIOR PERIOD ADJUSTMENT

During fiscal year 2023, management identified certain balances that were misstated in prior years. Primarily, certain balances for payables, receivables, and capital assets did not reconcile to underlying support. Errors in recognition included accrued interest in governmental funds and recognizing unearned revenue in the government-wide financial statements. Additionally, management identified retiree health benefits as being subject to GASB 75, and engaged an actuary to value a total OPEB liability that was not previously recognized.

The correction of these errors resulted in an increase of beginning fund balance/net position in the governmental activities of $1,275,237; the General Fund, $884,062; the Debt Service fund, $96,390; the Utility Fund, $90,194; and the 4B Development Corporation, $155,615.

# REQUIRED
# SUPPLEMENTARY INFORMATION

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET(GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES** | | | | |
| Property taxes | $ 5,201,029 | $ 5,186,829 | $ 5,022,918 | $ (163,911) |
| Franchise taxes | 1,005,588 | 1,264,461 | 1,297,690 | 33,229 |
| Sales taxes | 4,333,000 | 5,010,000 | 4,749,474 | (260,526) |
| Fines and forfeitures | 218,000 | 223,000 | 200,053 | (22,947) |
| Licenses and permits | 814,500 | 874,500 | 924,217 | 49,717 |
| Charges for services | 180,000 | 225,000 | 214,094 | (10,906) |
| Intergovernmental | 417,620 | 415,990 | 413,828 | (2,162) |
| Investment income | 36,000 | 360,000 | 440,432 | 80,432 |
| Miscellaneous | 19,000 | 41,750 | 56,594 | 14,844 |
| Total revenues | 12,224,737 | 13,601,530 | 13,319,300 | (282,230) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government: | | | | |
| Town manager | 606,370 | 606,370 | 553,046 | (53,324) |
| Town secretary | 141,645 | 141,645 | 161,823 | 20,178 |
| Finance | 536,458 | 536,458 | 512,641 | (23,817) |
| Court | 190,210 | 190,210 | 176,641 | (13,569) |
| Information Technology | 408,420 | 408,420 | 370,474 | (37,946) |
| Non-departmental | 1,181,950 | 1,181,950 | 1,156,359 | (25,591) |
| Public safety: | | | | |
| Police | 3,289,770 | 3,289,770 | 2,986,482 | (303,288) |
| Fire & EMS | 2,309,876 | 2,309,876 | 2,396,212 | 86,336 |
| Development services | 1,018,776 | 1,018,776 | 954,408 | (64,368) |
| Public works | 313,000 | 1,689,793 | 291,854 | 1,397,939 |
| Public services and operations: | | | | |
| Parks & streets | 890,091 | 890,091 | 905,251 | 15,160 |
| Library | 267,967 | 267,967 | 262,505 | (5,462) |
| Capital outlay | 302,900 | 302,900 | 518,631 | (215,731) |
| Debt service: | | | | |
| Principal retirement | - | - | 65,195 | (65,195) |
| Interest and fiscal agent fee | - | - | 10,006 | (10,006) |
| Total expenditures | 11,457,433 | 12,834,226 | 11,321,528 | 1,512,698 |
| Excess (deficiency) of revenues over (under) expenditures | 767,304 | 767,304 | 1,997,772 | 1,230,468 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 125,000 | 125,000 | 540,867 | 415,867 |
| Transfers out | (892,304) | (892,304) | (1,420,530) | (528,226) |
| Total other financing sources (uses) | (767,304) | (767,304) | (879,663) | (112,359) |
| **NET CHANGE IN FUND BALANCES** | - | - | 1,118,109 | 1,118,109 |
| **FUND BALANCE, BEGINNING, RESTATED** | 10,112,417 | 10,112,417 | 10,112,417 | - |
| **FUND BALANCE, ENDING** | $ 10,112,417 | $ 10,112,417 | $ 11,230,526 | $1,118,109 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUE** | | | | |
| Fines and forfeitures | $ 27,840 | $ 27,840 | $ 28,036 | $ 196 |
| Intergovernmental | - | - | 102,454 | 102,454 |
| Miscellaneous | - | - | 36,555 | 36,555 |
| Total revenues | 27,840 | 27,840 | 167,045 | 139,205 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 138,337 | (138,337) |
| Total expenditures | - | - | 138,337 | (138,337) |
| **NET CHANGE IN FUND BALANCES** | 27,840 | 27,840 | 28,708 | 868 |
| **FUND BALANCE, BEGINNING** | 148,641 | 148,641 | 148,641 | - |
| **FUND BALANCE, ENDING** | $ 176,481 | $ 176,481 | $ 177,349 | $ 868 |

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## Budgetary Information

The following procedures are followed in establishing the budgetary data:

- The Town Manager shall submit a proposed budget containing a complete financial plan for each fiscal year. Such budget shall be submitted to the Town Council not more than one hundred twenty (120) days, but not less than sixty (60) days, prior to the beginning of each fiscal year.

- Annual appropriated budgets are adopted for the General Fund, Debt Service Fund, and each special revenue fund. Capital projects funds are budgeted on a project-length basis, and as such, no budgetary comparison information is presented. Capital projects are primarily appropriated through a Capital Improvement Program, which the Town Manager shall submit as an attachment to the annual budget. The Program shall include a list of all capital improvements that are proposed for the five fiscal years succeeding the budget year; cost estimates, method of financing, and recommended time schedules for each improvement; and the estimated annual cost of operating and maintaining the facilities to be constructed or acquired. The information may be revised and extended each year with regard to the capital improvements still pending, or in process of construction or acquisition.

- The Town Council shall publish a notice for a public hearing on the budget in accordance with State Law.

- After the public hearing, the Town Council may adopt the budget with or without amendment. In amending the budget, the Town Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law, or for debt service.

- On or before the 20th day of the last month of the fiscal year currently ending, the Town Council shall adopt the budget by an affirmative vote of a majority of the members of Town Council then qualified and serving. If the Town fails to adopt the budget by this date, the amounts appropriated for current operation for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month-to-month basis, with all items in it prorated accordingly, until such time as the Town Council adopts a budget for the ensuing fiscal year. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- Under conditions which may arise, and which could not have been foreseen in the normal process of budget preparation, the Town Council may, by an affirmative action vote of a majority of the members of the Town Council, then qualified and serving, amend the budget. Such amendments shall be by ordinance.

- The legal level of budgetary control is the department level. Department Directors may reallocate budgeted amounts between line-items within their department.

## Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Special Revenue Fund, as well as various departments of the General Fund, due to final accruals made after the final amendments to the budget. These overages were funded with existing fund balance and greater than budgeted revenues.

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| **Measurement Date December 31,** | **2022** | **2021** | **2020** |
|---|---|---|---|
| **Total pension liability** | | | |
| Service cost | $ 887,169 | $ 783,276 | $ 598,178 |
| Interest on total pension liability | 587,703 | 522,414 | 460,848 |
| Changes of benefit terms | 4,709 | - | - |
| Difference between expected and actual experience | (160,295) | (61,801) | 7,767 |
| Change of assumptions | - | - | - |
| Benefit payments/refunds of contributions | (402,920) | (263,684) | (230,842) |
| Net change in total pension liability | 916,366 | 980,205 | 835,951 |
| Total pension liability, beginning | 8,459,871 | 7,479,666 | 6,643,715 |
| Total pension liability, ending (a) | $ 9,376,237 | $ 8,459,871 | $ 7,479,666 |
| **Plan fiduciary net position** | | | |
| Contributions - employer | $ 569,733 | $ 578,754 | $ 434,804 |
| Contributions - employee | 289,451 | 290,102 | 221,274 |
| Net investment income | (617,704) | 905,161 | 459,682 |
| Benefit payments/refunds of contributions | (402,920) | (263,684) | (230,842) |
| Administrative expenses | (5,328) | (4,180) | (2,970) |
| Other | 6,358 | 28 | (116) |
| Net change in fiduciary net position | (160,410) | 1,506,181 | 881,832 |
| Fiduciary net position, beginning | 8,435,277 | 6,929,095 | 6,047,265 |
| Fiduciary net position, ending (b) | $ 8,274,867 | $ 8,435,276 | $ 6,929,097 |
| **Net pension liability = (a)-(b)** | 1,101,370 | 24,595 | 550,569 |
| Fiduciary net position as a percentage of total pension liability | 88.25% | 99.71% | 92.64% |
| Covered payroll | $ 4,824,164 | $ 4,835,039 | $ 3,687,902 |
| Net Pension liability as a percentage of covered payroll | 22.83% | 0.51% | 14.93% |

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| $ 420,447 | $ 357,726 | $ 321,161 | $ 295,043 | $ 258,084 | $ 201,393 |
| 415,086 | 385,554 | 351,770 | 322,942 | 306,981 | 305,697 |
| - | - | - | - | - | - |
| 51,088 | (63,739) | 15,749 | (15,243) | (17,673) | (288,939) |
| (17,984) | - | - | - | 28,957 | - |
| (328,254) | (218,505) | (194,424) | (183,001) | (208,896) | (247,410) |
| 540,383 | 461,036 | 494,256 | 419,741 | 367,453 | (29,259) |
| 6,103,332 | 5,642,296 | 5,148,040 | 4,728,299 | 4,360,846 | 4,390,105 |
| $ 6,643,715 | $ 6,103,332 | $ 5,642,296 | $ 5,148,040 | $ 4,728,299 | $ 4,360,846 |
| $ 311,546 | $ 274,303 | $ 244,031 | $ 231,142 | $ 213,509 | $ 186,424 |
| 160,374 | 138,653 | 122,425 | 113,770 | 100,162 | 84,419 |
| 792,043 | (152,102) | 597,290 | 262,691 | 5,581 | 203,553 |
| (328,254) | (218,505) | (194,424) | (183,001) | (208,896) | (247,410) |
| (4,469) | (2,939) | (3,096) | (2,969) | (3,400) | (2,125) |
| (133) | (153) | (157) | (160) | (168) | (175) |
| 931,107 | 39,257 | 766,069 | 421,473 | 106,788 | 224,686 |
| 5,116,158 | 5,076,901 | 4,310,832 | 3,889,359 | 3,782,571 | 3,557,885 |
| $ 6,047,265 | $ 5,116,158 | $ 5,076,901 | $ 4,310,832 | $ 3,889,359 | $ 3,782,571 |
| 596,450 | 987,174 | 565,395 | 837,208 | 838,940 | 578,275 |
| 91.02% | 83.83% | 89.98% | 83.74% | 82.26% | 86.74% |
| $ 2,672,898 | $ 2,310,891 | $ 2,040,414 | $ 1,896,161 | $ 1,669,364 | $ 1,406,983 |
| 22.31% | 42.72% | 27.71% | 44.15% | 50.26% | 41.10% |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| **Fiscal Year Ended September 30,** | **2022** | **2021** | **2020** |
|---|---|---|---|
| Actuarially determined contribution | $ 659,972 | $ 578,754 | $ 434,804 |
| Contributions in relation to the actuarially determined contribution | 659,972 | 578,754 | 434,804 |
| Contribution deficiency (excess) | - | - | - |
| Covered payroll | 5,405,527 | 4,835,039 | 3,687,902 |
| Contributions as a percentage of covered payroll | 12.2% | 12.0% | 11.8% |

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31st and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percentage of Payroll, Closed |
| Remaining amortization period | 23 Years (longest amortization ladder) |
| Asset valuation method | 10 year smoothed fair value; 12% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.<br>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP."),"130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |

**Other Information:**

| | |
|---|---|
| Notes | Decreased repeating COLA from 70% to 50%<br>Increased member contribution rate from 6% to 7% |

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| $ 320,748 | $ 283,311 | $ 242,197 | $ 226,781 | $ 206,166 | $ 188,817 | $ 173,488 |
| 320,748 | 283,311 | 242,197 | 226,781 | 206,166 | 188,817 | 173,488 |
| - | - | - | - | - | - | - |
| 2,672,898 | 2,310,891 | 2,040,414 | 1,896,161 | 1,669,364 | 1,406,983 | 1,340,708 |
| 12.0% | 12.3% | 11.9% | 12.0% | 12.3% | 13.4% | 12.9% |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - TMRS SDBF

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| **Measurement Date December 31,** | **2022** | **2021** | **2020** |
|---|---|---|---|
| **Total OPEB liability - beginning of year** | $ 169,652 | $ 152,745 | $ 121,627 |
| **Changes for the year** | | | |
| Service cost | 19,297 | 17,890 | 12,539 |
| Interest on total OPEB liability | 3,255 | 3,161 | 3,497 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | (5,958) | (2,249) | (3,476) |
| Changes in assumptions or other inputs | (63,817) | 5,358 | 20,033 |
| Benefit payments | (4,824) | (7,253) | (1,475) |
| Net Changes | (52,047) | 16,907 | 31,118 |
| **Total OPEB liability, ending (a)** | $ 117,605 | $ 169,652 | $ 152,745 |
| Covered-employee payroll | $ 4,824,164 | $ 4,835,039 | $ 3,687,902 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.44% | 3.51% | 4.14% |

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB Statement 75 (i.e .. no assets are accumulated for OPEB to pay retirement benefits) and as such the SDBF is considered an unfunded OPEB plan.

Changes in assumptions reflect changes in the discount rate each period. The following are the discount rates used each period:

**2017 3.31%**
**2018 3.71%**
**2019 2.75%**
**2020 2.00%**
**2021 1.84%**
**2022 4.05%**

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

| 2019 | 2018 | 2017 |
|---|---|---|
| $ 89,497 | $ 88,056 | $ 72,217 |
| 8,286 | 9,012 | 7,141 |
| 3,454 | 3,049 | 2,849 |
| - | - | - |
| 660 | (3,663) | - |
| 20,799 | (6,033) | 6,665 |
| (1,069) | (924) | (816) |
| 32,130 | 1,441 | 15,839 |
| $ 121,627 | $ 89,497 | $ 88,056 |
| $ 2,672,898 | $ 2,310,891 | $ 2,040,414 |
| 4.55% | 3.87% | 4.32% |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS - RETIREE HEALTH PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| **Measurement Date December 31,** | **2022** |
|---|---|
| **Total OPEB liability - beginning of year** | $ 133,328 |
| **Changes for the year** | |
| Service cost | 37,849 |
| Interest on total OPEB liability | 2,768 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (1,055) |
| Changes in assumptions or other inputs | (30,483) |
| Benefit payments | (3,620) |
| Net Changes | 5,459 |
| Total OPEB liability, ending (a) | $ 138,787 |
| Covered-employee payroll | $ 4,883,109 |
| Total OPEB liability as a percentage of covered-employee payroll | 2.84% |

**Notes to schedule:**

- No assets are accumulated in a trust for the payment of related benefits that meets the criteria in paragraph 4 of GASB 75.

- This schedule is required to have 10 years of information, but information prior to 2022, the year the plan was first measured by the City, is not available.

- Changes in assumptions reflect changes in the discount rate.

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Revenues that are collected but are restricted and can only be spent under specific guidelines. For these funds, a fund description and fund statement are provided.

- Roadway Impact Fund - Impact Fees are charges or assessments paid by new development in order to generate revenue for capital improvements in response to the developments' impact on services. The revenues presented are based in the expectation of 90 permit requests for the budget year.

- Homestead Amenities Fund - The Homestead Amenities Fund was established in 2007 under Ordinance 464 to provide contributions in lieu of amenity construction. Currently the fund is being considered as a source of funds for the Collins Road expansion.

### Capital Projects Funds

The Capital Projects Funds account for the design and construction of the Town's facilities, roads, drainage, parks, and water and sewer systems. Unlike the operating and enterprise budgets, the capital improvements budgets do not conclude at the end of each fiscal year, as many CIP projects remain in progress over several accounting periods. The Town utilizes professional service providers to conduct detailed studies to assist in determining the short- and long-range infrastructure needs. The Town's non-major Capital Project Funds are:

- PEG Capital - To account for Public Education Grant (PEG) fees are charged to communication providers and capital costs associated with PEG facilities, as permitted by law.

- 4A General - These funds account for certain amounts earmarked for capital improvement for economic development from the previously-levied 4A sales tax.

**TOWN OF SUNNYVALE, TEXAS**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

| | Roadway Impact | Homestead Amenities | PEG Capital |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ - | $ - | $ - |
| Restricted cash and cash equivalents | 1,837,180 | 351,959 | 72,559 |
| Total assets | 1,837,180 | 351,959 | 72,559 |
| **LIABILITIES** | | | |
| Accounts payable | 28,001 | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 28,001 | - | - |
| **FUND BALANCES** | | | |
| Restricted: | | | |
| Community services | - | - | 72,559 |
| Street maintenance | 1,809,179 | 351,959 | - |
| Assigned: | | | |
| Community development | - | - | - |
| Total fund balances | 1,809,179 | 351,959 | 72,559 |
| Total liabilities and fund balances | $ 1,837,180 | $ 351,959 | $ 72,559 |

| 4A General | Total Nonmajor Governmental Funds |
|---|---|
| $ 1,439,436 | $ 1,439,436 |
| - | 2,261,698 |
| 1,439,436 | 3,701,134 |
| | |
| - | 28,001 |
| - | - |
| - | 28,001 |
| | |
| - | 72,559 |
| - | 2,161,138 |
| 1,439,436 | 1,439,436 |
| 1,439,436 | 3,673,133 |
| | |
| $ 1,439,436 | $ 3,701,134 |

**TOWN OF SUNNYVALE, TEXAS**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Roadway Impact | Homestead Amenities | PEG Capital |
|---|---|---|---|
| **REVENUE** | | | |
| Impact fees | $ 647,015 | $ - | $ - |
| Investment income | 35,813 | 9,336 | 1,925 |
| Total revenues | 682,828 | 9,336 | 1,925 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 235,829 | - | - |
| Capital outlay | 28,001 | - | - |
| Total expenditures | 263,830 | - | - |
| **NET CHANGE IN FUND BALANCES** | 418,998 | 9,336 | 1,925 |
| **FUND BALANCE, BEGINNING** | 1,390,181 | 342,623 | 70,634 |
| **FUND BALANCE, ENDING** | $ 1,809,179 | $ 351,959 | $ 72,559 |

| 4A General | | Total Nonmajor Governmental Funds |
|---|---|---|
| $ - | | $ 647,015 |
| 38,177 | - | 85,251 |
| 38,177 | | 732,266 |
| | | |
| - | | 235,829 |
| - | - | 28,001 |
| - | | 263,830 |
| | | |
| 38,177 | | 468,436 |
| | | |
| 1,401,259 | | 3,204,697 |
| | | |
| $ 1,439,436 | | $ 3,673,133 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Original Budget | Final Budget | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property taxes | $ 2,469,193 | $2,469,193 | $ 2,452,678 | $ (16,515) |
| Investment income | 4,000 | 4,000 | 18,692 | 14,692 |
| Intergovernmental-state & local | 37,600 | 37,600 | 37,600 | - |
| Total revenue | 2,510,793 | 2,510,793 | 2,508,970 | (1,823) |
| **EXPENDITURES** | | | | |
| Debt service: | | | | |
| Principal | 2,212,201 | 2,212,201 | 2,200,000 | 12,201 |
| Interest | 691,740 | 691,740 | 711,326 | (19,586) |
| Total expenditures | 2,903,941 | 2,903,941 | 2,911,326 | (7,385) |
| **NET CHANGE IN FUND BALANCE** | (393,148) | (393,148) | (402,356) | (9,208) |
| **FUND BALANCE, BEGINNING, RESTATED** | 711,940 | 711,940 | 711,940 | - |
| **FUND BALANCE, ENDING** | $ 318,792 | $ 318,792 | $ 309,584 | $ (9,208) |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROADWAY IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUE** | | | | |
| Impact fees | $ 265,400 | $ 265,400 | $ 647,015 | $ 381,615 |
| Investment income | 10,000 | 10,000 | 35,813 | 25,813 |
| Total revenues | 275,400 | 275,400 | 682,828 | 407,428 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 235,829 | (235,829) |
| Capital outlay: | | | | |
| General government | - | - | 28,001 | (28,001) |
| Total expenditures | - | - | 263,830 | (263,830) |
| Excess (deficiency) of revenue over (under) expenditures | 275,400 | 275,400 | 418,998 | 143,598 |
| **NET CHANGE IN FUND BALANCES** | 275,400 | 275,400 | 418,998 | 143,598 |
| **FUND BALANCE, BEGINNING** | 1,390,181 | 1,390,181 | 1,390,181 | - |
| **FUND BALANCE, ENDING** | $ 1,665,581 | $ 1,665,581 | $ 1,809,179 | $ 143,598 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOMESTEAD AMENITITES FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUE** | | | | |
| Investment income | $ 2,400 | $ 2,400 | $ 9,336 | $ 6,936 |
| Total revenues | 2,400 | 2,400 | 9,336 | 6,936 |
| **EXPENDITURES** | | | | |
| Total expenditures | - | - | - | - |
| **NET CHANGE IN FUND BALANCES** | 2,400 | 2,400 | 9,336 | 6,936 |
| **FUND BALANCE, BEGINNING** | 342,623 | 342,623 | 342,623 | - |
| **FUND BALANCE, ENDING** | $ 345,023 | $ 345,023 | $ 351,959 | $ 6,936 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PEG CAPITAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUE** | | | | |
| Investment income | $ 500 | $ 500 | $ 1,925 | $ 1,425 |
| Total revenues | 500 | 500 | 1,925 | 1,425 |
| **EXPENDITURES** | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenue over (under) expenditures | 500 | 500 | 1,925 | 1,425 |
| **NET CHANGE IN FUND BALANCES** | 500 | 500 | 1,925 | 1,425 |
| **FUND BALANCE, BEGINNING** | 70,634 | 70,634 | 70,634 | - |
| **FUND BALANCE, ENDING** | $ 71,134 | $ 71,134 | $ 72,559 | $ 1,425 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
4A GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **REVENUE** | | | | |
| Investment income | $ 100 | $ 100 | $ 38,177 | $ 38,077 |
| Total revenues | 100 | 100 | 38,177 | 38,077 |
| **EXPENDITURES** | | | | |
| Total expenditures | - | - | - | - |
| **NET CHANGE IN FUND BALANCES** | 100 | 100 | 38,177 | 38,077 |
| **FUND BALANCE, BEGINNING** | 1,401,259 | 1,401,259 | 1,401,259 | - |
| **FUND BALANCE, ENDING** | $ 1,401,359 | $ 1,401,359 | $ 1,439,436 | $ 38,077 |

**TOWN OF SUNNYVALE, TEXAS**

COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2023

| | Sunnyvale 4A Development Corporation | Sunnyvale 4B Development Corporation | Total Component Units |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ - | $ 3,940,574 | $ 3,940,574 |
| Taxes receivable | - | 285,532 | 285,532 |
| Restricted- cash and cash equivalents | 266,809 | - | 266,809 |
| Total assets | 266,809 | 4,226,106 | 4,492,915 |
| **LIABILITIES** | | | |
| Accounts payable | - | 6,361 | 6,361 |
| Due to primary government | - | 8,395 | 8,395 |
| Total liabilities | - | 14,756 | 14,756 |
| **FUND BALANCE** | | | |
| Restricted for economic development | 266,809 | 4,211,350 | 4,478,159 |
| Total fund balance | 266,809 | 4,211,350 | 4,478,159 |
| Total liabilities and fund balance | $ 266,809 | $ 4,226,106 | |

Amounts reported for component units in the statement of net position are different because:

| | |
|---|---|
| Long-term liabilities, including notes payable, are not due and payable in the current year and, therefore, are not reported in the funds. | (175,000) |
| Net position of component units - statement of net position | $ 4,303,159 |

**TOWN OF SUNNYVALE, TEXAS**

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Sunnyvale 4A Development Corporation | Sunnyvale 4B Development Corporation | Total Component Units |
|---|---|---|---|
| **REVENUES** | | | |
| Sales taxes | $ - | $ 1,579,586 | $ 1,579,586 |
| Investment income | 1,474 | 95,305 | 96,779 |
| Total revenues | 1,474 | 1,674,891 | 1,676,365 |
| **EXPENDITURES** | | | |
| Current: | | | |
| Personnel services | - | 149,970 | 149,970 |
| Supplies and materials | - | 13,805 | 13,805 |
| Contractual services | - | 200,909 | 200,909 |
| Incentives | - | 44,559 | 44,559 |
| Payments to primary government | 37,600 | 749,337 | 786,937 |
| Capital outlay | - | 96,642 | 96,642 |
| Total expenditures | 37,600 | 1,255,222 | 1,292,822 |
| **NET CHANGE IN FUND BALANCE** | (36,126) | 419,669 | 383,543 |
| **FUND BALANCE, BEGINNING** | 302,935 | 3,636,066 | 3,939,001 |
| **PRIOR PERIOD ADJUSTMENT** | - | 155,615 | 155,615 |
| **FUND BALANCE, BEGINNING, RESTATED** | 302,935 | 3,791,681 | 4,094,616 |
| **FUND BALANCE, ENDING** | $ 266,809 | $ 4,211,350 | $ 4,478,159 |

| | |
|---|---|
| Change in fund balance - governmental funds of component units | $ 383,543 |
| Amounts reported for component units in the statement of activities are different because: | |
| Revenues that do not provide current financial resources are not reported in the funds. | 62,001 |
| Repayment of notes payable is an expenditure in the funds, but repayment reduces long-term liabilities in the statement of net position. | 30,000 |
| Change in net position of component units - statement of activities | $ 475,544 |

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
4B DEVELOPMENT CORPORATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUE** | | | | |
| Sales tax | $ 1,442,000 | $ 1,442,000 | $ 1,579,586 | $ 137,586 |
| Intergovernmental | 430,000 | 430,000 | - | (430,000) |
| Investment income | 10,050 | 10,050 | 95,305 | 85,255 |
| Total revenues | 1,882,050 | 1,882,050 | 1,674,891 | (207,159) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Personnel services | 164,344 | 164,344 | 149,970 | 14,374 |
| Supplies and materials | 14,500 | 14,500 | 13,805 | 695 |
| Contractual services | 199,500 | 199,500 | 200,909 | (1,409) |
| Incentives | 460,000 | 460,000 | 44,559 | 415,441 |
| Payments to primary government | 786,120 | 786,120 | 749,337 | 36,783 |
| Capital outlay | 1,005,000 | 1,005,000 | 96,642 | 908,358 |
| Total expenditures | 2,629,464 | 2,629,464 | 1,255,222 | 1,374,242 |
| **NET CHANGE IN FUND BALANCES** | (747,414) | (747,414) | 419,669 | 1,167,083 |
| **FUND BALANCE, BEGINNING, RESTATED** | 3,791,681 | 3,791,681 | 3,791,681 | - |
| **FUND BALANCE, ENDING** | $ 3,044,267 | $ 3,044,267 | $ 4,211,350 | $ 1,167,083 |

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# STATISTICAL SECTION

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**STATISTICAL SECTION**
**(Unaudited)**

This part of the Town of Sunnyvale, Texas' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.


| **Contents** | **Page** |
|---|---|
| Financial Trends<br>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. | 75 – 85 |
| Revenue Capacity<br>These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax. | 86 – 91 |
| Debt Capacity<br>These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. | 92 – 97 |
| Demographic and Economic Information<br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. | 98 – 99 |
| Operating Information<br>These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. | 101 – 105 |


Note: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports of the relevant year.

**TOWN OF SUNNYVALE, TEXAS**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Net investment in capital assets | $ 5,533,170 | $ 9,192,257 | $ 10,259,140 | $ 11,019,317 |
| Restricted | 1,237,407 | 1,480,724 | 1,879,936 | 2,109,210 |
| Unrestricted | 5,072,122 | 5,063,645 | 5,125,907 | 4,924,743 |
| Total governmental activities net position | $ 11,842,699 | $ 15,736,626 | $ 17,264,983 | $ 18,053,270 |
| **Business-type activities** | | | | |
| Net investment in capital assets | $ 8,638,647 | $ 14,404,813 | $ 14,409,109 | $ 17,832,746 |
| Restricted | 1,793,193 | 1,744,554 | 2,714,408 | 2,023,749 |
| Unrestricted | 1,090,014 | 520,468 | 1,048,812 | 1,639,134 |
| Total business-type activities net position | $ 11,521,854 | $ 16,669,835 | $ 18,172,329 | $ 21,495,629 |
| **Primary government** | | | | |
| Net investment in capital assets | 14,171,817 | 23,597,070 | 24,668,249 | 28,852,063 |
| Restricted | 3,030,600 | 3,225,278 | 4,594,344 | 4,132,959 |
| Unrestricted | 6,162,136 | 5,584,113 | 6,174,719 | 6,563,877 |
| Total primary government net position | $ 23,364,553 | $ 32,406,461 | $ 35,437,312 | $ 39,548,899 |

**TABLE 1**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 13,645,563 | $ 15,552,052 | $ 133,606 | $ 12,182,316 | $ 17,352,038 | $ 26,469,224 |
| 2,142,961 | 2,776,797 | 2,909,599 | 2,868,130 | 2,567,629 | 2,638,754 |
| 5,496,564 | 5,333,169 | 25,366,349 | 18,272,961 | 18,204,617 | 17,094,468 |
| $ 21,285,088 | $ 23,662,018 | $ 28,409,554 | $ 33,323,407 | $ 38,124,284 | $ 46,202,446 |
| $ 24,413,662 | $ 24,054,875 | $ 23,815,634 | $ 23,889,533 | $ 28,658,820 | $ 26,576,673 |
| 2,152,935 | 2,005,109 | 2,115,669 | 2,416,769 | 2,612,877 | 2,911,337 |
| 2,610,035 | 3,817,204 | 4,550,549 | 5,409,711 | 10,064,590 | 9,625,446 |
| $ 29,176,632 | $ 29,877,188 | $ 30,481,852 | $ 31,716,013 | $ 41,336,287 | $ 39,113,456 |
| 38,059,225 | 39,606,927 | 23,949,240 | 36,071,849 | 46,010,858 | 53,045,897 |
| 4,295,896 | 4,781,906 | 5,025,268 | 5,284,899 | 5,180,506 | 5,550,091 |
| 8,106,599 | 9,150,373 | 29,916,898 | 23,682,672 | 28,269,207 | 26,719,914 |
| $ 50,461,720 | $ 53,539,206 | $ 58,891,406 | $ 65,039,420 | $ 79,460,571 | $ 85,315,902 |

**TOWN OF SUNNYVALE, TX**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| **Governmental activities:** | | | | |
| General goverment | $ 1,043,470 | $ 1,052,425 | $ 1,248,277 | $ 1,639,530 |
| Public Safety | 1,906,497 | 2,367,607 | 2,602,749 | 2,723,379 |
| Public Services and Operations | 1,392,826 | 1,468,271 | 2,756,331 | 2,537,728 |
| Public Works | 394,480 | 595,851 | 277,284 | 271,115 |
| Interest on long-termdebt | 88,808 | 103,540 | 97,819 | 125,638 |
| Total govermental activities expenses | $ 4,826,081 | $ 5,587,694 | $ 6,982,460 | $ 7,297,390 |
| **Business-type activities:** | | | | |
| Utilities | 3,374,140 | 3,663,328 | 4,257,032 | 4,361,206 |
| Total business-type activities expenses | 3,374,140 | 3,663,328 | 4,257,032 | 4,361,206 |
| Total primary government expnese | $ 8,200,221 | $ 9,251,022 | $ 11,239,492 | $ 11,658,596 |
| **PROGRAM REVENUES** | | | | |
| **Governmental activities:** | | | | |
| Charge for services: | | | | |
| General government | 418,776 | 105,332 | 240,305 | 211,624 |
| Public Safety | 778,203 | 109,281 | 230,557 | 362,077 |
| Public Services and Operations | - | 296,036 | 499,121 | 489,160 |
| Public Works | - | 101,283 | 221,217 | 282,465 |
| Parks and Cultural | 3,135 | 4,197 | 6,244 | 6,616 |
| Operating grants and contnbutions | 507,878 | 118,384 | 113,123 | 12,175 |
| Capital grants and contributions | - | 1,524,366 | 566,140 | 208,272 |
| Total governmental activities program revenues | 1,707,992 | 2,258,879 | 1,876,707 | 1,572,389 |
| **Business-type activities:** | | | | |
| Charge for services: | | | | |
| Utilities | 3,825,951 | 4,249,639 | 4,808,138 | 4,707,371 |
| Capital grants and contributions | - | 2,239,086 | 883,070 | 2,355,760 |
| Total business-type activities program revenues | 3,825,951 | 6,488,725 | 5,691,208 | 7,063,131 |
| Total primary government program revenues | 5,533,943 | 8,747,604 | 7,567,915 | 8,635,520 |
| **NET (EXPENSE) REVENUE** | | | | |
| Governmental activities | (3,118,089) | (3,328,815) | (5,105,753) | (5,725,001) |
| Business-type acilvities | 451,811 | 2,825,397 | 1,434,176 | 2,701,925 |
| Total primary government program net expenses | (2,666,278) | (503,418) | (3,671,577) | (3,023,076) |

**TABLE 2**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 1,597,658 | $ 2,395,053 | $ 1,630,281 | $ 2,626,808 | $ 1,588,582 | $ 4,241,534 |
| 3,701,545 | 3,523,702 | 5,097,893 | 3,159,778 | 4,208,619 | 8,110,993 |
| 2,732,167 | 1,680,175 | 1,845,965 | 3,339,176 | 2,999,698 | 1,494,637 |
| 306,163 | 928,570 | 485,091 | 306,095 | 1,785,248 | 373,549 |
| 245,412 | 176,184 | 780,918 | 765,950 | 767,906 | 628,273 |
| $ 8,582,945 | $ 8,703,684 | $ 9,840,148 | $ 10,197,807 | $ 11,350,053 | $ 14,848,986 |
| 5,074,148 | 5,409,232 | 5,977,691 | 6,119,271 | 6,620,543 | 8,358,355 |
| 5,074,148 | 5,409,232 | 5,977,691 | 6,119,271 | 6,620,543 | 8,358,355 |
| $ 13,657,093 | $ 14,112,916 | $ 15,817,839 | $ 16,317,078 | $ 17,970,596 | $ 23,207,341 |
| 396,095 | 1,226,613 | 1,175,682 | 1,782,365 | 1,409,679 | 924,871 |
| 152,621 | 541,713 | 368,050 | 453,274 | 421,361 | 570,055 |
| 544,563 | - | - | - | - | - |
| 389,576 | - | - | - | - | 647,015 |
| 11,393 | - | - | - | - | - |
| 67,108 | 913,863 | 3,652,159 | 2,235,661 | 1,689,575 | 526,018 |
| 3,164,377 | - | - | - | - | 460,000 |
| 4,725,733 | 2,682,189 | 5,195,891 | 4,471,300 | 3,520,615 | 3,127,959 |
| 5,729,121 | 5,884,310 | 6,572,507 | 7,447,753 | 9,600,592 | 9,652,308 |
| 6,375,710 | - | - | - | 7,246,387 | 68,440 |
| 12,104,831 | 5,884,310 | 6,572,507 | 7,447,753 | 16,846,979 | 9,720,748 |
| 16,830,564 | 8,566,499 | 11,768,398 | 11,919,053 | 20,367,594 | 12,848,707 |
| (3,857,212) | (6,021,495) | (4,644,257) | (5,726,507) | (7,829,438) | (11,721,027) |
| 7,030,683 | 475,078 | 594,816 | 1,328,482 | 10,226,436 | 1,362,393 |
| 3,173,471 | (5,546,417) | (4,049,441) | (4,398,025) | 2,396,998 | (10,358,634) |

**TOWN OF SUNNYVALE, TX**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **GENERAL REVENUES AND OTHER CHANGES IN NET POSITION** | | | | |
| Governmental activities: | | | | |
| **Taxes** | | | | |
| Property tax | $ 3,309,754 | $ 3,314,131 | $ 3,774,207 | 4,272,558 |
| Sales tax | 1,130,663 | 1,376,840 | 1,751,597 | 1,604,731 |
| Franchise tax | 986,539 | 1,205,928 | 1,158,235 | 1,105,973 |
| Investment income | 1,343 | 1,085 | 5,845 | 26,551 |
| Miscellaneous | 12,870 | 51,245 | 3,218 | 107,570 |
| Transfers | (196,611) | (913,276) | (58,992) | (604,095) |
| Total governmental activities | 5,244,558 | 5,035,953 | 6,634,110 | 6,513,288 |
| **Business-type activities:** | | | | |
| Investment income | 2,381 | 3,112 | 9,326 | 17280.000 |
| Transfers | 196,611 | 98,276 | 58,992 | 604,095 |
| Total business-type activiteS | 198,992 | 101,388 | 68,318 | 621,375 |
| Total primary government | 5,443,550 | 5,137,341 | 6,702,428 | 7,134,663 |
| **CHANGE IN NET POSTION** | | | | |
| Governmental activities | 2,126,469 | 2,522,138 | 1,528,357 | 788,287 |
| Business-type activities | 650,803 | 2,926,755 | 1,502,494 | 3,323,300 |
| Total primary goverment | 2,777,272 | 5,448,893 | 3,030,851 | 4,111,587 |

**TABLE 2**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 4,499,897 | $ 5,069,547 | $ 6,076,106 | $ 6,316,489 | $ 6,635,038 | $ 7,491,575 |
| 2,043,801 | 1,871,591 | 2,102,427 | 3,037,816 | 3,998,715 | 4,749,474 |
| 1,081,674 | 1,089,316 | 965,376 | 921,852 | 1,094,077 | 1,297,690 |
| 5,130 | 141,058 | 126,847 | 85,813 | 185,302 | 950,727 |
| 150,411 | 82,082 | 94,724 | 153,390 | 204,191 | 93,149 |
| (636,276) | (22,317) | 26,314 | 125,000 | 641,401 | 3,941,337 |
| 7,144,637 | 8,231,277 | 9,391,794 | 10,640,360 | 12,758,724 | 18,523,952 |
| 27,765 | 27,928 | 36,162 | 30,679 | 35,239 | 265,919 |
| 636,276 | 197,550 | (26,314) | (125,000) | (641,401) | (3,941,337) |
| 664,041 | 225,478 | 9,848 | (94,321) | (606,162) | (3,675,418) |
| 7,808,678 | 8,456,755 | 9,401,642 | 10,546,039 | 12,152,562 | 14,848,534 |
| 3,287,425 | 2,209,782 | 4,747,537 | 4,913,853 | 4,929,288 | 6,802,925 |
| 7,694,724 | 700,556 | 604,664 | 1,234,161 | 9,620,274 | (2,313,025) |
| 10,982,149 | 2,910,338 | 5,352,201 | 6,148,014 | 14,549,562 | 4,489,900 |

**TOWN OF SUNNYVALE, TX**

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACOUNTING)
(Unaudited)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **General Fund** | | | | |
| Nonspendable | $ - | $ 40,603 | $ 31,015 | $ 20,685 |
| Restricted | - | 151,331 | 350,318 | - |
| Assigned | 389,608 | 735,335 | 406,307 | 476,843 |
| Unassigned | 4,095,036 | 4,247,916 | 4,686,749 | 4,819,339 |
| **Total General Fund** | $ 4,484,644 | $ 5,175,185 | $ 5,474,389 | $ 5,316,867 |
| **All Other Governmental Funds** | | | | |
| Restricted for | | | | |
| Court Use | 150,346 | 112,448 | 164,958 | 171,360 |
| Capital Improvements | 849,987 | 904,966 | 1,126,413 | 1,373,872 |
| Debt Service | 208,243 | 231,611 | 207,146 | 175,013 |
| Community Development | 28,831 | 80,368 | 54,092 | 68,041 |
| Assigned for: | | | | |
| Police | - | - | - | - |
| Capital Improvements | 871,685 | 895,936 | 898,616 | 5,194,458 |
| Community Services | - | - | - | - |
| Unassigned | (3,200) | (3,200) | (3,200) | - |
| **Total all other Governmental Fund** | $ 2,105,892 | $ 2,222,129 | $ 2,448,025 | $ 6,982,744 |

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 45,000 | $ 35,000 | $ 240,630 | $ 241,972 | $ 231,631 | $ 2,000 |
| - | - | - | - | - | - |
| 557,219 | 640,984 | 746,346 | 883,557 | 1,053,557 | 1,841,478 |
| 5,054,193 | 5,847,140 | 6,386,587 | 8,409,574 | 8,411,592 | 9,387,048 |
| $ 5,656,412 | $ 6,523,124 | $ 7,373,563 | $ 9,535,103 | $ 9,696,780 | $ 11,230,526 |
| | | | | | |
| 193,524 | 197,437 | 244,945 | 125,414 | 148,641 | 177,349 |
| 1,531,075 | 2,181,748 | 2,508,635 | 2,231,163 | 1,732,804 | 7,861,741 |
| 248,126 | 328,550 | 86,437 | 441,447 | 615,550 | 309,584 |
| 68,543 | 69,062 | 69,583 | 70,106 | 70,634 | 72,559 |
| | | | | | |
| 4,355,897 | - | - | - | - | - |
| - | 6,547,278 | 15,867,732 | 1,880,596 | 9,444,840 | 4,652,605 |
| - | - | 2,371,519 | 13,351,835 | 1,401,259 | 1,439,436 |
| - | - | - | - | - | - |
| $ 6,397,165 | $ 9,324,075 | $ 21,148,851 | $ 18,100,561 | $ 13,413,728 | $ 14,513,274 |

**TOWN OF SUNNYVALE, TEXAS**

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | | | | |
| Property taxes | $ 3,269,744 | $ 3,400,741 | $ 3,750,703 | $ 4,248,741 |
| Sales lax | 1,130,663 | 1,375,840 | 1,751,597 | 1,505 |
| Franchise tax | 986,539 | 1,205,928 | 1,158,235 | 1,105,973 |
| Licenses and Permits | 334,239 | 183,582 | 357,698 | 497,981 |
| Fines and forfeitures | 616,098 | 299,291 | 503,179 | 495,435 |
| Charge for Current Services | 32,713 | 44,415 | 43,742 | 49,486 |
| Impact fees | 217,064 | 101,283 | 221,217 | 232,465 |
| Grants | 10,383 | - | - | - |
| Donations | - | 687 | 1,119 | 1,085 |
| Investment income | 1,343 | 1,085 | 3,218 | 27 |
| Intergovernmental | 492,973 | 195 | 170,162 | 256,290 |
| Miscellaneous | 12,870 | 51,245 | 5,844 | 106 |
| Total Revenues | 7,104,629 | 6,840,486 | 7,956,714 | 8,684,933 |
| **EXPENDITURES** | | | | |
| General government | 949,155 | 930,884 | 1,068,827 | 1,705,243 |
| Public Safety | 1,821,954 | 2,259,340 | 2,452,774 | 2,364,482 |
| Public Works | 311,230 | 444,662 | 1,459,117 | 1,033,291 |
| Parks and Recreation | 358,761 | 438,869 | 390,696 | 370,788 |
| Publice Services and Operations | 821,385 | 836,325 | 741,970 | 812,361 |
| Library | 142,695 | 146,395 | 193,428 | 179,388 |
| Capital Outlay | 541,695 | 1,095,256 | 425,501 | 772,040 |
| Debt service | | | | |
| Principal Retirement | 350,009 | 450,000 | 634,097 | 660,170 |
| Interest and other charges | 102,439 | 103,540 | 97,619 | 193,033 |
| Bond issuance costs | - | 23,041 | - | - |
| Total Expenditures | 5,429,324 | 6,728,312 | 7,464,229 | 8,090,796 |
| **EXCESS (deficiency) OF REVENUES OVER (UNDER) EXPENDITURES** | $ 1,675,305 | $ 112,174 | $ 502,485 | $ 594,137 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers | (196,611) | (98,276) | (58,992) | (604,095) |
| Gain on sale of assets | - | 7,880 | 81,607 | 26,573 |
| Capilal leases | - | - | - | - |
| Issuance of Tax Note | - | 785,000 | - | - |
| Issuance of Certificates of Obligation | - | - | - | 4,360,581 |
| Bonds and Premiums on bonds issued | - | - | - | - |
| Paymerns to refinanced bond escrow age | - | - | - | - |
| Total other financing sources (uses) | (196,611) | 694,604 | 22,615 | 3,733,059 |
| **NET CHANGE IN FUND BALANCES** | $ 1,478,694 | $ 806,778 | $ 525,100 | $ 4,377,196 |
| **Debt service as a percentage of noncapltal expenditures** | 9.87% | 9.83% | 10.40% | 11.66% |

" Public Services and Operations includes Community Development, Library and Parks and sareets for years

**TABLE 4**

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| $ 4,528,010 | $ 5,069,550 | $ 5,911,019 | $ 6,316,489 | $ 6,535,038 | $ 7,475,596 |
| 2,043,801 | 1,871,591 | 2,102,427 | 3,037,515 | 3,998,715 | 4,749,474 |
| 1,081,673 | 1,069,315 | 965,376 | 921,552 | 1,094,077 | 1,297,690 |
| 512,303 | 560,751 | 844,143 | 1,099,596 | 1,010,203 | 924,217 |
| 548,289 | 405,755 | 228,992 | 273,119 | 217,870 | 228,089 |
| 44,080 | 135,958 | 139,058 | 180,155 | 203,491 | 214,094 |
| 389,576 | 865,862 | 331,539 | 682,769 | 399,476 | 647,015 |
| 13,195 | 9,018 | 312,981 | 67,330 | 99,125 | - |
| 620 | - | 39,571 | 9,530 | 15,719 | - |
| 117,697 | 141,058 | 126,847 | 85,813 | 185,302 | 950,727 |
| 84,730 | 904,845 | 3,299,607 | 2,158,801 | 1,574,731 | 1,013,882 |
| 5,130 | 82,082 | 92,273 | 153,390 | 204,191 | 93,149 |
| 9,369,104 | 10,935,788 | 14,393,833 | 14,986,660 | 15,637,938 | 17,593,933 |
| 1,423,454 | 1,621,591 | 1,568,836 | 1,787,833 | 1,806,167 | 3,305,150 |
| 3,574,902 | 3,749,566 | 4,923,250 | 4,071,969 | 4,445,193 | 6,337,102 |
| 908,421 | 546,769 | 190,253 | 306,095 | 1,440,039 | 291,854 |
| 602,178 | 620,870 | 537,074 | 606,795 | 619,169 | - |
| 1,116,323 | 767,562 | 1,007,254 | 2,518,133 | 2,048,056 | 1,167,756 |
| 197,395 | 203,300 | 208,981 | 214,248 | 217,010 | - |
| 210,724 | 2,581,160 | 5,883,796 | 4,432,963 | 8,900,849 | 10,027,616 |
| 681,804 | 420,000 | 985,000 | 1,035,000 | 1,075,000 | 2,265,195 |
| 245,412 | 176,184 | 547,737 | 813,803 | 740,649 | 721,332 |
| - | - | 233,181 | (47,853) | 27,257 | 139,625 |
| 8,960,613 | 10,787,002 | 16,085,362 | 15,738,986 | 21,319,389 | 24,255,630 |
| $ 408,491 | $ 148,784 | $ (1,691,529) | $ (752,326) | $ (5,681,451) | $ (6,661,697) |
| (654,518) | (22,317) | 26,314 | 125,000 | 641,401 | 3,941,337 |
| - | - | 2,451 | - | - | - |
| - | - | - | (259,424) | - | - |
| - | - | - | - | - | 4,680,000 |
| - | 3,500,000 | 14,338 | - | - | - |
| - | - | - | - | 1,503,539 | 161,625 |
| - | - | - | - | (1,457,070) | - |
| (664,518) | 3,477,683 | 14,366,744 | (134,424) | 687,870 | 8,782,962 |
| $ (246,027) | $ 3,628,467 | $ 12,675,215 | $ (886,750) | $ (4,993,581) | $ 2,121,265 |
| 10.60% | 5.53% | 10.98% | 11.44% | 8.64% | 21.00% |

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**TOWN OF SUNNYVALE, TEXAS**

**TABLE 5**

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Total |
|---|---|---|---|---|
| 2014 | $ 3,309,754 | $ 1,130,663 | $ 986,539 | $ 5,426,956 |
| 2015 | 3,314,131 | 1,376,840 | 1,205,928 | 5,896,899 |
| 2016 | 3,774,207 | 1,751,597 | 1,158,235 | 6,684,039 |
| 2017 | 4,272,558 | 1,604,731 | 1,105,973 | 6,983,262 |
| 2018 | 4,499,897 | 2,046,801 | 1,081,674 | 7,628,372 |
| 2019 | 6,076,106 | 2,102,427 | 965,376 | 9,143,909 |
| 2020 | 6,316,489 | 3,037,816 | 921,852 | 10,276,157 |
| 2021 | 6,316,489 | 3,037,816 | 921,852 | 10,276,157 |
| 2022 | 6,635,038 | 3,998,715 | 1,094,077 | 11,727,830 |
| 2023 | 7,491,575 | 4,749,474 | 1,297,690 | 13,538,739 |

**TOWN OF SUNNYVALE, TEXAS**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year Ended Sept. 30 | Estimated Actual Value | | LESS | | Total Taxable Assessed Value |
|---|---|---|---|---|---|
| | Real Property | Personal Property | Homestead Cap | Tax Exempt Real Property | |
| 2014 | $ 856,130,210 | $ 232,716,580 | $ - | $ 283,769,366 | $ 805,077,424 |
| 2015 | 888,189,540 | 218,121,640 | - | 274,631,565 | 831,679,615 |
| 2016 | 931,852,220 | 294,122,850 | - | 301,684,556 | 924,290,514 |
| 2017 | 1,032,922,190 | 303,227,460 | - | 364,392,341 | 971,757,309 |
| 2018 | 1,118,858,490 | 304,117,440 | - | 351,596,731 | 1,071,379,199 |
| 2019 | 1,227,127,840 | 310,753,650 | - | 396,894,926 | 1,225,860,828 |
| 2020 | 1,320,984,780 | 333,901,780 | - | 406,504,068 | 1,301,482,969 |
| 2021 | 1,444,123,102 | 360,761,250 | - | 402,590,673 | 1,399,554,157 |
| 2022 | 1,603,528,910 | 384,549,740 | - | 458,415,449 | 1,524,663,201 |
| 2023 | 1,849,916,390 | 386,310,990 | - | 532,749,904 | 1,703,477,476 |
| 2024 | 2,380,156,860 | 484,599,200 | 497,501,708 | 512,133,943 | 1,855,120,409 |

**Source**: Town Administration Office.

**Note**: Property is reassessed annually. Property is assessed actual value; therefore, the assessed values are equal to actual value.

Tax rates are per $100 of assessed value.

Residential: includes single family, vacant lots, acreage, farm and ranch
Commercial: includes real property, industrial and utilities

| Total Direct Tax Rate | Total Taxable Assessed Value Inc / (Dec) |
|---|---|
| 0.40796 | 6.96% |
| 0.40796 | 3.20% |
| 0.40796 | 10.02% |
| 0.40796 | 4.88% |
| 0.41309 | 9.30% |
| 0.41290 | 12.60% |
| 0.45670 | 5.81% |
| 0.45670 | 7.01% |
| 0.45300 | 8.52% |
| 0.45300 | 8.00% |
| 0.45300 | 8.04% |

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**TOWN OF SUNNYVALE, TEXAS** **TABLE 7**

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(unaudited)

| | Town Direct Rates | | | Overlapping Rates * | | |
|---|---|---|---|---|---|---|
| Fiscal Year Ended Sept. 30 | Operating/ General Rate | General Obligation Debt Service | Total Direct | Sunnyvale Independent School District | Dallas County | Total Direct and Overlapping Rates |
| 2014 | 0.3177 | 0.0902 | 0.4080 | 1.4100 | 0.2431 | 2.0611 |
| 2015 | 0.3368 | 0.0712 | 0.4080 | 1.4100 | 0.2431 | 2.0611 |
| 2016 | 0.3392 | 0.0688 | 0.4080 | 1.4100 | 0.2431 | 2.0611 |
| 2017 | 0.3392 | 0.0688 | 0.4080 | 1.4100 | 0.2431 | 2.0611 |
| 2018 | 0.3485 | 0.0646 | 0.4131 | 1.5200 | 0.2431 | 2.1762 |
| 2019 | 0.3391 | 0.0738 | 0.4129 | 1.4500 | 0.2431 | 2.1060 |
| 2020 | 0.3570 | 0.0997 | 0.4567 | 1.4500 | 0.2431 | 2.1498 |
| 2021 | 0.3105 | 0.1462 | 0.4567 | 1.3892 | 0.2397 | 2.0856 |
| 2022 | 0.3212 | 0.1318 | 0.4530 | 1.3420 | 0.2279 | 2.0229 |
| 2023 | 0.3069 | 0.1461 | 0.4530 | 1.3746 | 0.2179 | 2.0455 |

**Source**: Dallas Central Appraisal District and Dallas County Tax Office

*Overlapping rates are those of local and county governments that apply to property owners within the Town of Sunnyvale, Texas.

**TOWN OF SUNNYVALE, TEXAS**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(unaudited)

| | 2023[1] | | |
|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| DAL TILE CORPORATION | $ 111,827,563 | 1 | 6.03% |
| SUNNYVALE BUSINESS CENTER JV | 41,673,520 | 3 | 2.25% |
| LLH MRS MASTER RE LLC | 25,228,998 | 2 | 1.36% |
| SABRA TEXAS PROPERTIES LP | 24,500,000 | 4 | 1.32% |
| HOMATEX LP | 23,750,000 | 5 | 1.28% |
| PANINI AMERICA INC | 18,479,020 | 6 | 1.00% |
| TR SUNNYVALE WEST LLC | 15,000,000 | 7 | 0.81% |
| RKS SUNNYVALE LLC | 13,713,740 | 8 | 0.74% |
| ONCOR ELECTRIC DELIVERY | 12,486,380 | 9 | 0.67% |
| ARHC SMSVLT01 LLC | 10,515,650 | 10 | 0.57% |
| AMERICAN MARAZZI TILE INC | | | |
| SABRA TEXAS PROPERTIES LP | | | |
| HOMATEX LP | | | |
| MILLARD REFRIGREATED SERVICES | | | |
| 301 CLAY RD LLC | | | |
| ARHC SMSVLT01 LLC | | | |
| DAL TILE CORPORATION | | | |
| TEXAS REGIONAL MEDICAL CENTER | | | |
| ONCOR ELECTRIC DELVERY CO | | | |
| JOHN SOULES FOODS | | | |
| Total | $ 297,174,871 | | 16.02% |
| Total valuation of Town net of exempt property | $ 1,855,120,409 | | |

Source: [1] Dallas County Tax Office

| 2014[1] | | |
|---|---|---|
| Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| $ 28,946,634 | 1 | 3.60% |
| 27,875,060 | 2 | 3.46% |
| 15,257,710 | 3 | 1.90% |
| 13,998,817 | 4 | 1.74% |
| 11,692,210 | 5 | 1.45% |
| 11,025,000 | 6 | 1.37% |
| 10,193,213 | 7 | 1.27% |
| 8,286,778 | 8 | 1.03% |
| 7,409,170 | 9 | 0.92% |
| 6,877,520 | 10 | 0.85% |
| $ 141,562,112 | | 17.58% |
| $ 805,077,424 | | |

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**TOWN OF SUNNYVALE, TEXAS** **TABLE 9**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year Ended Sept. 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2014 | $ 3,288,047 | $ 3,241,651 | 98.59% | $ 45,197 | $3,286,848 | 100.0% |
| 2015 | 3,392,837 | 3,335,116 | 98.30% | 53,736 | 3,388,852 | 99.9% |
| 2016 | 3,746,450 | 3,696,188 | 98.66% | 43,874 | 3,740,062 | 99.8% |
| 2017 | 3,903,070 | 3,874,714 | 99.27% | 24,230 | 3,898,944 | 99.9% |
| 2018 | 4,384,310 | 4,359,156 | 99.43% | 20,069 | 4,379,225 | 99.9% |
| 2019 | 5,006,961 | 4,965,023 | 99.16% | 30,547 | 4,995,570 | 99.8% |
| 2020 | 5,870,068 | 5,842,547 | 99.53% | 17,831 | 5,860,378 | 99.8% |
| 2021 | 6,373,728 | 6,343,125 | 99.52% | 19,834 | 6,362,960 | 99.8% |
| 2022 | 6,685,967 | 6,718,767 | 100.49% | (42,094) | 6,676,673 | 99.9% |
| 2023 | 7,512,019 | 7,468,077 | 99.42% | - | 7,468,077 | 99.4% |

**Source**: Dallas County Tax Office Year End Report, Texas

**TOWN OF SUNNYVALE, TEXAS**

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year | Governmental Activities | | | | |
|---|---|---|---|---|---|
| | General Obligations | Certificates of Obligation | Tax Note | Bond Premiums | Financed Purchases |
| 2014 | $ 4,145,040 | $ - | $ - | $ - | $ - |
| 2015 | 3,728,105 | - | 735,000 | - | - |
| 2016 | 3,296,169 | - | 615,000 | - | 492,457 |
| 2017 | 7,188,501 | - | 495,000 | - | 402,288 |
| 2018 | 6,685,786 | - | 375,000 | - | 310,484 |
| 2019 | 6,358,071 | - | 3,810,000 | - | 217,016 |
| 2020 | 6,020,456 | - | 3,270,000 | - | 648,261 |
| 2021 | 1,540,000 | 15,750,000 | 2,690,000 | - | 514,795 |
| 2022 | 1,340,000 | 15,545,000 | 2,690,000 | 1,944,051 | 345,415 |
| 2023 | 1,150,000 | 15,265,000 | 5,120,000 | 1,773,301 | 280,220 |

**Note 1:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
(1) See Table 15 for personal income and population data.

**TABLE 10**

| Business-Type Activities | | | |
|---|---|---|---|
| Certificates of Obligation | General Obligations | Other Obligations | Total Primary Government |
| $ 2,899,987 | $ 2,763,858 | $ 118,058 | $ 9,926,943 |
| 2,641,573 | 2,588,576 | 109,623 | 9,802,877 |
| 2,608,603 | 2,135,000 | 144,040 | 9,291,269 |
| 2,468,477 | 1,820,000 | 132,031 | 12,506,297 |
| 2,328,824 | 1,675,000 | 120,024 | 11,495,118 |
| 2,184,172 | 1,530,000 | 108,018 | 14,207,277 |
| 2,034,521 | 1,380,000 | 96,012 | 13,449,250 |
| 3,025,000 | 2,860,000 | 1,027,372 | 27,407,167 |
| 3,910,000 | 1,555,000 | 619,824 | 27,949,290 |
| 4,164,246 | 1,485,281 | 59,995 | 29,298,043 |

**TOWN OF SUNNYVALE, TEXAS** **TABLE 11**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year | Total Primary Government | Total Taxable (1) Assessed Value | Percentage Actual Tax Value of Property | (2) Estimated Population | Per Capita (1) |
|---|---|---|---|---|---|
| 2014 | $ 9,926,943 | $ 805,077,424 | 1.23% | 5,839 | 0.0588% |
| 2015 | 9,802,877 | 831,679,615 | 1.18% | 6,126 | 0.0625% |
| 2016 | 9,291,269 | 924,290,514 | 1.01% | 6,251 | 0.0673% |
| 2017 | 12,506,297 | 971,757,309 | 1.29% | 6,504 | 0.0520% |
| 2018 | 11,495,118 | 1,071,379,199 | 1.07% | 6,678 | 0.0581% |
| 2019 | 14,207,277 | 1,225,860,828 | 1.16% | 6,690 | 0.0471% |
| 2020 | 13,449,250 | 1,301,482,969 | 1.03% | 6,841 | 0.0509% |
| 2021 | 27,407,167 | 1,399,554,157 | 1.96% | 7,270 | 0.0265% |
| 2022 | 26,005,239 | 1,524,663,201 | 1.71% | 7,893 | 0.0304% |
| 2023 | 23,775,435 | 1,703,477,476 | 1.40% | 8,536 | 0.0359% |
| 2024 | 27,184,527 | 1,855,120,409 | 1.47% | 9,092 | 0.0334% |

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

**Source:**

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Table 6 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on Table 15.

**TOWN OF SUNNYVALE, TEXAS** **TABLE 12**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2023
(unaudited)

| Governmental Subdivision | Gross Bonded Debt | Percentage of Debt Applicable to Area [1] | Town Share of Overlapping Debt |
|---|---|---|---|
| Dallas County | $ 217,675,000 | 0.56% | $ 1,218,980 |
| Dallas County CCD | 543,495,000 | 0.56% | 3,043,572 |
| Dallas County Hospital District | 375,515,000 | 0.56% | 2,102,884 |
| Sunnyvale I S D | 82,822,574 | 98.36% | 81,464,284 |
| | $ 1,219,507,574 | | 87,829,720 |
| Town of Sunnyvale, Texas direct debt | | | 29,298,043 |
| | $ 16,679,652 | | $ 117,127,763 |
| Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value) | | | 6.17% |
| Per capita overlapping bonded debt | | | $ 14,193.00 |

**Source:** "Texas Municipal Report" , prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping government that is borne by the residents and businesses of the Town of Sunnyvale. This process recognizes that, when considering the Town of Sunnyvale's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the Town of Sunnyvale's boundaries and dividing it by the overlapping government's total taxable assessed value.

**TOWN OF SUNNYVALE, TEXAS** **TABLE 13**

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(unaudited)

| | FISCAL YEAR | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Debt Limit | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 |
| Current Tax Rate | 0.40796 | 0.40796 | 0.40796 | 0.40796 | 0.41309 |
| Available Tax Rate | $ 2.09204 | $ 2.09204 | $ 2.09204 | $ 2.09204 | $ 2.08691 |
| Total net debt applicable to the limit as a percentage of debt limit | 19.50% | 19.50% | 19.50% | 19.50% | 19.79% |

| | FISCAL YEAR | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Debt Limit | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 |
| Current Tax Rate | 0.45670 | 0.45670 | 0.45300 | 0.45300 | 0.45300 |
| Available Tax Rate | $ 2.04330 | $ 2.04330 | $ 2.04700 | $ 2.04700 | $ 2.04700 |
| Total net debt applicable to the limit as a percentage of debt limit | 22.35% | 22.35% | 22.13% | 22.13% | 22.13% |

**TOWN OF SUNNYVALE, TEXAS** **TABLE 14**

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year | Tax and Revenue Refunding Bonds | | | | | |
|---|---|---|---|---|---|---|
| | Total Revenues [a] | Less: Operating Expenses [b] | Net Available Revenue | Debt Service | | Times Coverage |
| | | | | Principal | Interest | |
| 2014 | $ 3,825,951 | $ 2,922,114 | $ 903,837 | $ 415,000 | $ 174,875 | 1.53 |
| 2015 | 4,079,273 | 3,118,955 | 960,318 | 425,000 | 163,950 | 1.63 |
| 2016 | 4,208,074 | 3,703,658 | 504,416 | 440,000 | 152,375 | 0.85 |
| 2017 | 4,381,231 | 3,734,548 | 646,683 | 275,000 | 143,075 | 1.55 |
| 2018 | 5,407,543 | 4,280,436 | 1,127,107 | 280,000 | 134,800 | 2.72 |
| 2019 | 5,423,887 | 4,553,974 | 869,913 | 290,000 | 124,875 | 2.10 |
| 2020 | 6,221,833 | 5,677,392 | 544,411 | 375,000 | 242,147 | 0.88 |
| 2021 | 6,897,528 | 6,128,077 | 769,451 | 420,000 | 205,716 | 1.23 |
| 2022 | 9,219,975 | 6,541,283 | 2,678,692 | 420,000 | 211,050 | 4.24 |
| 2023 | 9,652,308 | 6,282,804 | 3,369,504 | 405,000 | 203,450 | 5.54 |

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[a] Revenue does not include transfers or non-operating revenues.

[b] Includes operating expenses minus depreciation, bond issuance costs, and other non-operating expenses.

**TOWN OF SUNNYVALE, TEXAS** **TABLE 15**

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(unaudited)

| Fiscal Year | Estimated Population [1] | Median Household Income | Median Property Value [5] | Per Capita Personal Income [2] | Median Age [2] | School Enrollment [3] | Unemployment Rate [4] |
|---|---|---|---|---|---|---|---|
| 2014 | 5,839 | (a) | $ 277,929 | (a) | (a) | 1512 | 5.5% |
| 2015 | 6,126 | (a) | 296,964 | 43,371 | 41.9 | 1565 | 4.0% |
| 2016 | 6,251 | (a) | 304,560 | 41,398 | 39.6 | 1638 | 3.9% |
| 2017 | 6,504 | (a) | 335,798 | 47,035 | 40.4 | 1752 | 4.0% |
| 2018 | 6,678 | $ 175,169 | 365,493 | 48,606 | 38 | 1814 | 3.7% |
| 2019 | 6,690 | 183,238 | 393,798 | 44,107 | 40.8 | 1931 | 3.3% |
| 2020 | 6,841 ** | 200,642 | 400,266 | 46,645 | 41 | 2023 | 7.5% |
| 2021 | 7,270 | 204,583 | 415,299 | 46,645 | 40 | 1976 | 7.2% |
| 2022 | 7,893 | 137,656 | 435,168 | 48,263 (b) | 41 | 2104 | 3.3% |
| 2023 | 8,536 | 140,535 | 495,995 | 59,789 | 43 | 2111 | 2.8% |

**Sources:**
1 , NCTCOG 2023 Estimates Publication
2 U.S. Census Bureau Quickfacts
3 Sunnyvale Independent School District, Texas Education Agency
4 US Department of Labor - Bureau of Labor Statistics - DFW Region
5 American community survey
** Estimated
(a) Information not available
(b) TX HomeTownLocator (as of July 1, 2022)
(c) US Census Bureau - American Fact Finder (2017-2021 5 year estimate)

**TOWN OF SUNNYVALE, TEXAS** **TABLE 16**

TOP TEN PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(unaudited)

| | | 2023 | 2014 |
|---|---|---|---|
| Name of Firm | Business Sector | Number of Employees | Number of Employees |
| Lineage Logistics | Warehouse & Distribution | 17000 | 0 |
| Associated Truss & Lumber | Wood Trusses and Commercial Lumber | 12979 | 300 |
| Adell of Texas | Automotive Parts | 862 | 45 |
| Texas Regional Medical Center at Sunnyvale | Health Care | 700 | 496 |
| McEloy Metal | Cold Rolled Steel | 651 | 30 |
| American Marazzi Tile | Tile | 632 | 350 |
| Dal-Tile | Warehouse & Distribution | 415 | 200 |
| JRayl Trucking | Transportation | 400 | 15 |
| Baylor Scott&White | Health Care | 295 | 0 |
| Sunnyvale ISD | Education | 264.1 | 180 |
| Vince Hagen | Steel - Batch Plant Components | 85-100 | 200 |
| Accura Systems | Aluminum Curtain Wall Systems | 108 | 100 |
| Morley Moss Electrical Contractors | Elecctrical Contactors | 42 | 150 |

Source: City staff and statistical projections based on U.S. Census Bureau data

**TOWN OF SUNNYVALE, TEXAS**

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(unaudited)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| Function / Program | 2014 | 2015 | 2016 | 2017 | 2018 |
| General government | | | | | |
| Administrative Services | | | | | |
| Town Manager | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 |
| Human Resource | - | - | - | - | - |
| Town Secretary | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Secretary/Admin Assistant | 1.00 | 1.00 | 1.00 | - | - |
| Economic Development | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Financial Services | | | | | |
| Finance | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Municipal Court | 2.00 | 2.00 | 2.00 | 3.00 | 2.00 |
| Municipal Court Judge | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Library | 2.50 | 2.50 | 2.50 | 2.50 | 2.80 |
| Public Safety | | | | | |
| Police ** | - | - | - | - | - |
| Fire | 4.00 | 5.00 | 5.00 | 5.00 | 8.00 |
| Development Services | 4.00 | 5.00 | 5.00 | 5.00 | 6.00 |
| Animal Control | | | | | 1.00 |
| Engineering | | | | | 1.00 |
| Parks & Streets | 7.00 | 7.00 | 7.00 | 8.00 | 8.00 |
| Water and Sewer Systems | 6.00 | 6.00 | 6.00 | 7.00 | 8.00 |
| Water Finance | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Total | 32.50 | 35.50 | 35.50 | 37.50 | 46.80 |

**Source:** Town Administration Office.
** All positions contracted with Dallas County thru 2019

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2019 | 2020 | 2021 | 2022 | 2023 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| - | 1.00 | 1.00 | 1.00 | 1.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| - | - | - | - | - |
| 1.50 | 1.00 | 1.00 | 1.00 | 1.00 |
| 3.00 | 3.00 | 3.00 | 3.00 | 4.50 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 2.80 | 2.80 | 2.80 | 2.80 | 2.80 |
| - | 20.00 | 21.00 | 22.00 | 25.00 |
| 15.00 | 15.00 | 17.50 | 19.50 | 23.50 |
| 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 7.00 | 5.00 | 6.00 | 6.00 | 7.00 |
| 8.00 | 8.00 | 10.00 | 10.50 | 10.50 |
| 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 53.80 | 73.30 | 79.80 | 83.30 | 92.80 |

**TOWN OF SUNNYVALE, TEXAS**

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(unaudited)

| Function/Program | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| Judicial | | | | |
| Municipal Court Fines | $ 442,434 | $ 370,378 | $ 426,246 | $ 457,607 |
| Fire | | | | |
| Fire Calls | 30 | 38 | 42 | 28 |
| New Development | | | | |
| Permits Issued (Units) | 102 | 44 | 108 | 90 |
| Permit Value | $ 521,027 | $14,041,157 | $55,916,721 | $60,916,508 |
| Streets | | | | |
| Miles of Streets Maintained | 55.7 | 57.63 | 59.11 | 60.11 |
| Health | | | | |
| Animals Impounded | 133 | 133 | 168 | 178 |
| Cultural and Recreational | | | | |
| Parks | | | | |
| Parks Maintained | 5 | 5 | 5 | 5 |
| Town hall rentals | a | a | a | a |
| Park Rentals | a | a | a | a |
| Sanitation Service | | | | |
| Refuse Customers | 2,178 | 1,947 | 1,965 | 2,071 |
| Water | | | | |
| Number of Water Customers | 2,178 | 2,256 | 2,336 | 2,492 |
| Estimated Gallons Billed (in thousands) | 422,669 | 478,108 | 462,682 | 450,176 |
| Sewer | | | | |
| Number of Wastewater Customers | 1,575 | 1,587 | 1,641 | 1,741 |

**Sources**: Various government departments.
(a) Information not available

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| $ 520,854 | $ 446,479 | $ 245,275 | $ 271,911 | $ 216,701 | $ 167,937 |
| 27 | 30 | 34 | 33 | 48 | 335 |
| 97 | 137 | 118 | 136 | 105 | 95 |
| $117,621,670 | $71,822,780 | $62,023,915 | $ 2,173,964 | $79,145,500 | $ 1,678,481 |
| 63.71 | 63.71 | 63.71 | 68.26 | 70.26 | 60.71 |
| 170 | 166 | 178 | 193 | 242 | 78 |
| | . | . | . | . | |
| 5 | 5 | 5 | 5 | 5 | 5 |
| a | a | a | a | a | 51 |
| a | a | a | a | a | 237 |
| 2,153 | 2,245 | 2,366 | 2,427 | 2,562 | 2,661 |
| 2,597 | 2,740 | 2,853 | 2,915 | 3,125 | 3,240 |
| 584,989 | 499,961 | 565,437 | 624,238 | 719,167 | 743,031 |
| 1,820 | 1,919 | 2,047 | 2,113 | 2,258 | 2,372 |

**TOWN OF SUNNYVALE, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS
(unaudited)

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| Function | 2014 | 2015 | 2016 | 2017 | 2018 |
| Police | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 |
| Fire Hydrants | 710 | 796 | 842 | 875 | 940 |
| Streets | | | | | |
| Miles of Streets | 55.7 | 57.63 | 59.11 | 60.11 | 63.71 |
| Cultural and Recreational | | | | | |
| Parks Maintained | 5 | 5 | 5 | 5 | 5 |
| Water | | | | | |
| Water Storage Capacity (gallons) | 800,000 | 800,000 | 800,000 | 1,725,000 | 1,750,000 |

**Sources**: Various government departments.

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2019 | 2020 | 2021 | 2022 | 2023 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 952 | 955 | 989 | 994 | 994 |
| 63.71 | 63.91 | 68.26 | 70.26 | 70.26 |
| 5 | 5 | 5 | 5 | 5 |
| 1,750,000 | 1,750,000 | 1,750,000 | 1,750,000 | 1,750,000 |

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# COMPLIANCE SECTION

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PB&H

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor
and Members of Town Council
Town of Sunnyvale, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Sunnyvale, Texas' basic financial statements, and have issued our report thereon dated March 25, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Sunnyvale, Texas' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sunnyvale, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sunnyvale, Texas' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town of Sunnyvale, Texas' financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.



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NEW MEXICO | Albuquerque

AICPA
GAQC Member

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Sunnyvale, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**Town of Sunnyvale, Texas' Response to Findings**

The Town of Sunnyvale, Texas' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town of Sunnyvale, Texas' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sunnyvale, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2024

PATTILLO, BROWN & HILL, L.L.P.
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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH TEXAS GRANT MANAGEMENT STANDARDS

Honorable Mayor
and Members of Town Council
Town of Sunnyvale, Texas

## Report on Compliance for Each Major State program

### *Opinion on Each Major State program*

We have audited the Town of Sunnyvale, Texas' (the "Town") compliance with the types of compliance requirements described in Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the Town's major state programs for the year ended September 30, 2023. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2023.

### *Basis for Opinion on Each Major State program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and TxGMS. Our responsibilities under those standards and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's state programs.



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AICPA
GAQC Member

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state programs on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state programs will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* in *internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of TxGMS. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 25, 2024

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| State Grantor/Pass-through Grantor/ Program or Cluster Title | Contract Number | Total State Expenditures |
|---|---|---|
| **TEXAS DEPARTMENT OF TRANSPORTATION** | | |
| Direct program: | | |
| RTR SH 121 - Tripp Road | CSJ 0918-47-314 | $ 800,000 |
| RTR SH 121 - Collin Road | CSJ 0918-47-315 | 450,000 |
| *Total direct programs* | | 1,250,000 |
| ***Total Texas Department of Transportation*** | | 1,250,000 |
| ***Total Expenditures of State Awards*** | | $ 1,250,000 |

The accompanying notes are an integral part of this schedule.

**TOWN OF SUNNYVALE, TEXAS**

NOTES TO SCHEDULE OF EXPENDITURES OF
STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of state awards (the "SESA") includes the State grant activity of the Town of Sunnyvale, Texas (the "Town") under programs of the State of Texas for the year ended September 30, 2023. The information in the SESA is presented in accordance with the requirements of the Texas Grant Management Standards. Because the SESA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

**Note 2 - Summary of Significant Accounting Policies**

The Town accounts for all state awards under programs of the State of Texas in the General Fund, special revenue funds, and the Capital Projects Fund. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available. State grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the Town, they are recorded as unearned revenue until earned. Otherwise, state grant funds are received on a reimbursement basis from the respective state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recognized later based on specific accounting rules applicable to each, generally when payment is due.

**Note 3 - Relationship to State Financial Reports**

Amounts reported in the SESA may not agree with the amounts reported in the related state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

**TOWN OF SUNNYVALE, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

## I. Summary of Auditor's Results

| | |
|---|---|
| **Financial Statements:** | |
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | 2023-001 |
| Significant deficiency(ies) identified? | 2023-002 |
| Noncompliance material to financial statements noted? | None |
| **State Awards:** | |
| Internal control over major programs: | |
| Material weakness(es) identified? | None |
| Significant deficiency(ies) identified? | None reported |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with TxGMS? | None |
| **Identification of major programs:** | |
| Name of State Program: | |
| *Texas Department of Transportation:* RTR - State | |
| Dollar threshold used to distinguish between type A and type B state programs | $750,000 |
| Auditee qualified as low-risk auditee for state single audit? | No |

## Section II: Financial Statement Findings

### Item 2023-001 | General Ledger Reconciliations | Material Weakness

Criteria: Management is responsible for establishing and maintaining effective internal controls to prevent or detect errors, whether intentional or unintentional, in the financial statements. A material misstatement in the financial statements is an indication of a weakness in internal control.

Condition and Context: During fiscal year 2023, the Town identified errors in account balances from the prior year. This included accounts that did not agree with supporting documentation, as well as accounts for which supporting documentation was not readily available.

Cause: The Town had not implemented documentable controls over yearend review. Closing procedures depended upon the staff members performing them to ensure that all steps were performed and done correctly.

Effect or Potential Effect: Significant prior period adjustments were necessary to correct misstated balances at the beginning of the year.

Recommendation: The Town should implement policies and procedures for reconciling account balances at year-end to supporting documentation, such as a year-end closing checklist.

Responsible Official's Response: Management agrees with the findings. Policies and procedures have been updated to include yearend checklists, general ledger reconciliations, and multiple levels of review prior to closing out the fiscal year.

### Item 2023-002 | Valuation of Retiree Health OPEB Plan | Significant Deficiency

Criteria: GASB 75 requires measurement and recognition of a liability related to Other Post-Employment Benefits (OPEB) when certain benefits are offered to retirees. Estimating the potential liability generally requires the use of a consulting actuary. Management is responsible for establishing and maintaining effective internal controls to ensure that significant liabilities are recognized.

Condition and Context: Until fiscal year 2023, the Town had not evaluated if its retiree health benefits met the criteria of GASB 75 and had not established a basis for determining if the related OPEB liability would be significant.

Cause: The Town's financial procedures did not include evaluation of potential OPEB liabilities or procuring an actuarial estimate.

Effect: Prior financial statements were misstated by the omission of the total retiree health OPEB liability.

Recommendation: We recommend that the Town establish a process to engage an actuary each year and provide plan information needed for an annual measurement of the total OPEB liability.

Responsible Official's Response: Management agrees with the finding and notes that the matter has been corrected. The Town has contracted with Gabriel, Rader, Smith & Co. (GRS) to perform OPEB valuations on an annual basis. The initial valuation was completed during the fiscal year 2023 for the calendar year ending December 31, 2022. This valuation also provided a lookback to the calendar years 2021 and 2020.

## Section III: State Awards Findings

None Reported

**TOWN OF SUNNYVALE, TEXAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

The Texas Grant Management Standards state that the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

**I. Prior Audit Findings**

None reported

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